No. 29,764

Monday October 28 1985

EUROPE'S BUSINESS NEWSPAPER

D 8523 B

World news

Chirac pledges to shun far right

Jacques Chirac, leader of the French neo-Gaullist RPR opposition party, pledged that any rightwing French government taking power after next March's general elections would not rule with ex-

treme right-wing ministers.

He made the promise in a televised debate with Laurent Fabius, the Prime Minister, which was widely seen as the opening shot of the election campais

The debate, the first major television confrontation between left and right-wing ministers since 1981, saw the two men clash on several

U.S. split denied

Robert McFarlane, President Ronald Reagan's National Security Adviser, defended the U.S. Administration against charges that it was split over its approach to the sum-mit meeting in Geneva next month. Page 3

Lisbon invitation

Portuguese President Antonio Ramalho Eanes will tomorrow ask Social Democrat leader Anibal Cavaco Silva to form a minority government. Page 2

Coalition confusion

The prospects for a "red-green" coalition in the West German state of Hesse remained uncertain as the Greens environmentalist party opened a debate on approving plans for a joint government with the So-cial Democrats. Page 2

Worshippers killed

Fourteen people died and 76 were wounded when rebel missiles hit the main mosque in the western Afghan town of Herat, the official Kabul Radio reported.

Israel accused

The International Committee of the Red Cross accused Israel and its militia allies of preventing. Red Cross visits to scores of prisoners i south Lebanon. Meanwhile, Israell Prime Minister, Shimon Peres, said peace talks between Israel and Jordan were a growing possibility.

Detainees freed

Punjab authorities ordered the release of 309 people detained in con-nection with Sikh extremism.

Arrests quashed

Argentine judges quashed arrests ordered by the Government under the state of siege, deepening the conflict of powers between the executive and the judiciary. Page 3

African vote

Voters in the Ivory Coast began the formality of giving 80-year-old President Felix Houphouet-Boigny an-

other five years in power. Page 3

Pretoria police boost South Africa is to strengthen its police force by 11,000 and build extra police stations in black townships. The Institute of Race Relations, an independent body funded mainly by liberal businessmen, said black vio-lence could subside if police were disciplined and basic grievances tackled. Page 3

Paintings stolen

Three gunmen stole nine Impressionist paintings, including works by Monet and Renoir, from the Marmottan Museum in Paris.

New Soviet jet

Aeroflot, the Soviet state airline, is to produce a long-distance passenger aircraft within the next five years, its first since 1980, the Communist Party newspaper Pravda

Longchamp winner

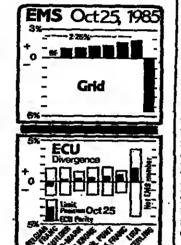
Mersey, ridden by Jean-Luc Kessas, trained by Patrick Biancone and owned by art millionaire Daniel Wildenstein, won the Prix Royal-Oak, the French St Leger, at Long-

Business summary

Honda to pursue European venture

HONDA, Japanese car maker, was expected to go ahead with plans lo a joint venture giving it access to the European volume car market The company intends to co-produce with UK state-owned BL's Austin Rover division a replacement for the Maestro and Rover 200 models by 1988. Page 18

EUROPEAN Monetary System: Most currencies were quiet and featureless last week as attention remained focused on the dollar. The Belgian franc was again the weak-



pressure and the Belgian National Bank was able to keep the down-ward momentum on domestic inter-est rates by cutting the rates on short-term Treasury certificates. The Belgian discount rate was reduced on October 17.

The chart shows the two constraints The chart shows the too constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency ferrept the liray may move more than 2% per cent. The lower chart gives each currency is divergence from its "central rate" against the European Currency unit (ECU), itself a basket of European currencies.

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN LONOON

THE CONFEDERATION of British sees markets, and a slowdown in the pase of growth of manufacturing the pass of growth and solved own in the pass of growth of manufacturing output.

Companies are also reporting which are vital to the UK's economic firture."

Companies are also reporting that they are still cutting their lates and to be introduced by the pass of the pass of

TOKYO: Nikkei-Dow market index fell a further 22.36 to 12,832.63 on Saturday, after the sharp drop of 114.09 in Friday's trading.

A TWO-DAY strike by staff in New Zealand's banks and its Databank financial paperwork clearing centre Day weekend.

THE GOVERNOR of the Bank of England, Robin Leigh-Pemberton, added his voice to denials of allegations that the Bank was involved in criminal acts in connection with Johnson Matthey Bankers.

NEWS INTERNATIONAL Rupert Murdoch's worldwide media group, launched a facility on the Euro market adding \$320m to an initial \$350m deal signed last year. The move is designed to finance Mur-doch's acquisitions of Twentieth Century-Fox and Metromedia, U.S. television network. Page 17

AUSTRIA is to set up an industrial council of leading domestic and for-eign industrialists to monitor inter-national trends and advise the Government on restructuring. A gov-ernment minister will also be a

MONSANTO, U.S. chemicals group, announced plans for a large-scale corporate restructuring. Page 16 HANSON'S battle for SCM, U.S. conglomerate, is set to enter its next phase tomorrow after lawyers failed to meet a deadline for the

cross-examination of witnesses in the court proceedings. Page 29 TEXAS INSTRUMENTS, U.S. semiconductor maker, reported big losses again for the third quarter

and foresees no early improvement. Page 17 DELTA, U.S. domestic airline, reported a sharp fall in first-quarter net and operating earnings, partly attributed to cut-throat competition

for passengers. Page 20 BUITONI, Italian foods group, bought 75 per cent of Riserie Virginio Curei, leading Italian rice producer. Page 20.

Banks expected to support Baker's \$20bn debt plan

BY STEWART FLEMING IN WASHINGTON

REPRESENTATIVES of a group of 60 leading banks, under pressure to approve by the end of the year a U.S. proposal that international banks young \$20bn of new loans in-to 15 developing countries over the next three years, are expected to express support for the plan in principle at a meeting in Washing-

ton today.

But non-U.S. bankers attending the session at the Institute for International Finance (IIF) are reported to be urging that any state-ment should go beyond the simple endorsement for the proposal which leading U.S. banks are

Some are understood to see the meeting as part of a continuing negotiating process with industrial country and developing country governments, and among the banks hemselves. They believe that while they must make clear their support for the initiative launched by Mr James Beker, U.S. Treasury Secretary, at the annual meetings of the World Bank and the International Monetary Fund in Seoul last month, they must also draw atten-tion to issues which worry them about how that plan can be put into

in Seoul, Mr Baker outlined a about the proposal remains unclear, three-point proposal. It called on international banks to increase their lending to developing countries by banks from many countries can get together. \$20hn. It asked developing countries to adopt growth-oriented economic policies. Finally it called on the World Bank and the Inter-American Development Bank to in-

crease their loans by \$9bn over three years, along with a central role for the IMF.
In the wake of that announcement Mr Andre De Lettre, chairman of the IIF, a bank financed think tank established in 1982, in-vited bank representatives to a meeting in Washington to discuss the proposal, U.S. bankers have already had at least two sessions with Mr Baker on the plan, one in Washington after the announcement in

Secol. Mr Paul Volcker, the Federal Re-serve Board chairman, discussed the proposal with a group of mainly regional U.S. banks at the annual meeting of the American Bankers' Association in New Orleans a week ago, and other industrial country governments are believed to have opened up a dialogue on the propos-al with their bankers. The role of the IIF, in the debate

The hankers at today's meeting The hankers at today's meeting are expected to raise a number of issues concerning the Baker initiative, including the thrust of macroeconomic policy in the industrial countries (in particular U.S. fiscal policy) which will be a critical element in the explosion of the deleter ment in the evolution of the debt

They are expected to question the precise role that governments in-tend to play, particularly in relation to the tax and bank regulatory is-sues raised by the Baker plan, but also in relation to the availability of official export credit. The outlook for net lending commitments by the IMF, which some fear will begin to decline as repayments to the IMF rise towards the end of the decade and the conditions to be attached to World Bank, and particularly Inter-American Development Bank loans, are also expected to come up.

Continued on Page 16 Baker banks on non U.S. creditors,

Page 3 Editorial comment, Page 14

Employers' group calls for shift in UK policy

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN LONDON

In representations to Mr Nigel Lawson, the Chancellor of the Ex- for prices - the CBI is predicting an chequer, ahead of next month's autumn statement on the economy. the CBI says that he should relax tight monetary policies to allow both interest rates and sterling to

will throw the country's banking ment should encourage rasus you system into chaos tomorrow when creation by cutting employers' National Insurance contributions by . At the same time, the Governone or two percentage points and by spending an extra £1bn (\$1.42bn) a year on cost-effective construction

> ahead of the publication tomorrow. of the CBI's quarterly Industrial centage point increase in economic Trends Survey. That is expected to show a weakening of business con-

This confidence over the outlook annual inflation rate of only 3% per

cent by mid-1985 - has prompted the industrialists to argue that the Government should now shift the emphasis of policy towards growth. Both fiscal and monetary policy must be made to accomodate a higher rate of economic growth

than that envisaged at present for 1986, it says. The inflationary risks of such a strategy, it says, are minimal, be-cause the falling dollar should re-duce UK input costs and because the economy has sufficient spare capacity to meet at least a one per-

The CHI is pressing all these plans because it believes that the

holding down wage increases, but says that the Government should also help by making it cheaper for companies to take on workers. A cut in National Insurance con-

tributions, it says, would have a substantial long-term impact on job prospects, while increased spending on infrastructure could be financed savings on current outlays.

Unemployment is unlikely to fall significantly from the present level without the changes the CBI is calling for," it says. The call for lower interest rates

echoes the Confederation's demands earlier this year, but has been reinforced by the evidence from companies of a sharp slowdown m export orders because of the resulting rise in sterling's value.

Union powers hold up, Page 12

New test for fragile stability of Tokyo markets

By Carla Rapoport in Tokyo

JAPAN'S financial markets were expected to reopen in an anxious mood today, with the focus of attention once again on the yen-dollar exchange rate and on the Bank of Japan's money market policies. Government bond prices stabi

lised on Saturday, although trading was thin in the nervous aftermath of Friday's beavy selling, which forced prices to record lows and caused the sharpest drop in a single

day for more than five years.

The Tokyo stock market followed a similar pattern on Saturday morning. After a sharp early fall, share prices recovered much of the ground lost to close slightly down. The Nikkei-Dow market average. which lost 114.09 on Friday, ended at 12,832.63, down 22.36 on the day.

It remains unclear whether the rise in short-term money market rates on Friday was the beginning of a second stage of the agreement to depreciate the dollar against foreign currencies reached last month by finance ministers of the Group of Five (G5) leading industri-

The G5 agreement stressed intervention in the currency markets. but the ministers are also believed to have discussed possible action on interest rates.

Friday's fall in Japanese govern-ment bond prices followed a warning from the Bank of Japan on Thursday that the recent surge in the hond market was extremely speculative and that it would try to continue to push short term interest rates higher and to defend the

yen's value against the dollar.

After a further fall in bond prices on Saturday morning, a few large buyers - including at least one of Japan's leading securities houses -drove prices back up by placing large orders in the thin market.

At the end of trading the 6.8 per cent 68th long-term government bond, a beliwether of bond trading on the Tokyo Stock Exchange, closed at Y103.186 - only slightly down on Friday's close of Y103.38. The yield gained 0.03 per cent to

"It was a marvellous recovery," said one enthusiastic dealer over the weekend. It was believed in Tokyo that the heavy buying was prompted, at least in part, by displeasure on the part of the Ministry of Finance at the precipitous drop in prices on Friday.

Friday's fall is understood to have

caused heavy losses for several leading Japanese commercial banks.

International capital Section II

EEC capital barriers set to fall at last

BY QUENTIN PEEL IN BRUSSELS

asked to take their first decision to liberalise capital movements within

The move will allow unit trusts and similar collective investment transferable securities (Ucits), funds to operate freely across EFC which includes unit trusts and frontiers.

personal capital transactions within the Community. Unquoted securi-ties, unit trusts, and the flotation of foreign securities on domestic markets, however, are subject to strict

These categories were established by the last EEC capital directive

The draft directive is finally being presented for a decision seven years after it was first drawn up. and is regarded as a significant step towards general liberalisation of capital movements, including opening up the EEC insurance mar-

Problems still to be ironed out concern how the regulations, which would come into force from mid-1989, can be reconciled with con-tinuing exchange controls in mem-

EEC finance ministers will today be agreement and will have a final deal by the end of the year.

The ministers will actually have the Community, after 23 years of in- two directives to approve. One will establish common rules for "under taking for collective investment in

At present capital movements The second directive would are officially free lor dealings in amend previous EEC rules on capiquoted securities, trade credits, and tal movement to allow the free flow of capital concerned in unit trust

The decision will establish rules for unit trusts requiring substantial changes in national legislation. It will also establish for the first time the idea that supervision of an indi-vidual company in one member state is sufficient to allow it to op-

erate throughout the Community. Those countries allowed to maintain exchange controls - France, Italy, Ireland and Greece - will still be allowed to operate them, so that unit trusts would be able to sell there, but not to repatriate the mon-ey. However, officials hope that France at least will have relaxed its controls before 1989.

The UK unit trust industry ranks second or third in the EEC, dependber states such as Italy and Ireland. ing on the definition, after France Officials in Brussels are confident, and West Germany, and is valued at however, that they are close to about £16bn (\$22.7bn).

Airline profits too low, says Iata chief

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN HAMBURG

THE WORLD airline industry must

general of the International Air Transport Association, (lata), which report to the annual meeting this week that in 1984 the industry earned a net profit of 51bn, or 1A

"Although these are the best results for several years, they are well below the levels required to finance the industry in tha years ahead," he said.

The outlook for 1985 was already causing concern and on present in-dications the airlines "might barely break even after interest" so far as international scheduled services

are concerned.

THE WORLD airline industry must improve its profitability substantially if it is to finance future reequipment and pass on to consumerate the henefits of cheaper fares.

The WORLD airline industry must be settimated to need at least 4,000 new aircraft by 1993, of which 1,800 will replace existing jets and the rest will be needed to meet traffic with spares and other growth. With spares and other items, the cost will be between \$150bn and \$200bn.

> "Financing the investment will present problems," he said. "In 1984, the airlines together made a pre-tax profit of about 1 per cent of revenues on international scheduled services.

"In 1985 and 1986, they are unlikely to achieve even that level -which is about 7 per cent short of what is estimated to be the minimum average long-term requirement both to finance the invest-

Continued on Page 16 Cheaper European fares, Page 12

Rival groups line up financial

BY ANDREW TAYLOR IN LONDON

Provisional commitments and letters of intent received by one of the two Anglo-French consortiums run into several billion pounds. Channel Tunnel Group, which is proposing a twin bore rail tunnel.

up to £1bn in equity and provided it satisfies the terms of a preliminary information memorandum issued to potential investors. The group has received replies from UK institutions saying they would be pre-pared in principle to underwrite the equity element in full. However, it plans to sell the shares internation-commitmen plans to sell the shares internation—commitments are not legally bind-ally, in several stages, seeking a full—ing, but they indicate the prepared-

ra, one of the largest issuing houses in Japan, and Salomon Brothers of

Euroroute, the other leading constants and tender, proposing a road and rail scheme involving a combination of bridges and tunnels connected by artificial islands mid-Channel, says it has received letters of intent from key bankers and fine to an artificial islands mid-Channel, says it has received letters of intent from key bankers and fine to an artificial islands mid-Channel, says it has received letters of intent from key bankers and fine to an artificial islands mid-Channel, says it has received letters of intent from key bankers and fine to the control of the cont

THE TWO leading groups bidding listing on the London and Paris to build a fixed link across the stock exchanges in mid-1987.

English channel say they have Around £250m is expected to be eyis forthcoming will depend on detailed negotiations of terms and conditions which cannot take place until after the two governments Applications for a licence to build a privately financed fixed link must

apply, but Channel Tunnel Group and Euroroute are regarded as joint system proposed by Channel Ex-

backing for Chunnel project

enough assurances of financial support to enable them to start work if they get the go-shead from the British and French governments.

says it has received provisional itments from banks of beween £3.5bn and £4bn (\$4.9bn and \$5.8bn). The funds will be made available if the consortium raises

raised in Japan and the U.S. Nomuthe U.S. have been appointed to handle the share sale. A further £100m is expected to be raised in Europe outside the UK and France

tions prepared to lead manage the raising of up to £7.2bm in equity and development finance. It says some of the banks and in-

need an entente cordiale . 15 Survey Section III

be lodged by this Thursday, Octo-

favourites. The other projects are a road bridge with 5km spans planned by Eurobridge, another Anglo-French group, and a twin road tunnel and electric railway stitutions supporting Channel Tunnel Group are also backing pressway, which is backed by Sea Containers, the Bermuda-based Letters of intent and provisional shipping group.

CONTENTS .

International 2-4 Companies	Eurobonds Financial Futures Int. Capital Markets 17, 15 Letters
11_19	Lex
Britain 11-12	Lombard
Companies 22	Management
	Men and Matters
	Money Markets
	Seach markets - Rourses
	Wall St 34
Arts - Reviews	London 22
- World Guide 13	Technology
Crossword 30	Technology Unit Trusts
Currencies	Weether
Currencies	WERLING

television screen images .. 8

UK teachers' pay: marks The Leisure industry: Foreign Affairs: why we West Germany:

Technology: conjuring up Lombard: taking the UK Labour Party seriously... 15 Editorial comment: the City Lex: gilt-edged market under of London; Third World ... 14 the hammer 16

(Just to warn you that in four day's time the F.T. will not be carrying a survey of Britain's most enterprising town, so you will need 'The Times' as well.)

Ciampi calls

for strong

action to

cut PSBR

By Alan Friedman in Milan

Rome and Paris talks SPD-Green open way for deal on Mediterranean trade in doubt

of the Mediterranean basinthe last outstanding problem involved in the forthcoming membership of Spaio and Portugal — emerged at the weekend from an informal meeting of Community foreign

The deel seeks to reconcile the conflicting demands of Italy and France, by mainteining traditional levels of EEC imports of Mediterraneao fruit and vegetables like oranges and tomatoes, without overwhelming existiog EEC producers. However, West Germany and Britain may object to the budget cost of the compromise.

get cost of the compromise.

Final details will have to be thrashed out by national officials in Brussels over the coming weeks, but the foreign ministers were hopeful yesterdey that they bad the makings of a compromise to be presented to the Mediterranean countries, such as Morocco, Algeria, Tunisia, Israel and Cyprus, in future negotiations.

The problem of resolving the Mediterranean trade over-shadowed the six-monthly informal meeting and relegated Italian officials were more the Importance of discussion of cautious about the deal.

THE outline of an agreement on future trade relations between the EEC and the rest between M Roland Dumas, the The compromise worked out between M Roland Dumas, the French Foreign Minister, and Sig Giulio Andreotti, his Italian counterpart, centres on a gradual reduction of import tariffs over four years, with a review at the end of the period. This would be combined with a more generous financial cooperation agreement with the North African and Middle North African and Middle Eastern countries, and aid for improving their own food self-

sufficiency.

After four years, the European Commission would review import levels.
Frace had argued thet e good trade deal must be offered to the Mediterranean countries and finalised before the end of the year. Italy insisted that there was no such lirgency, and a fully-fledged co-operation agreement should be worked out

M Dumas said after the meet-ing that he believed the broad agreement in principle would be enough to persuade the French national assembly to ratify the accession treaties enabling Spanish and Portuguese membership on January 1 1986.

Eanes to consult parties

BY DIANA SMITH IN LISBON .

PRESIDENT Antonio Ramalho politics away from Sr Mario Eanes will on Tuesday, invite Soares' socialists, the Portuguese Social Democrat Because of bureaucratic diffi-

The Social Democrats won 30 formality of consulting all per cent of the vote in the parties represented in Parlia-October 6 general election, ment. The president is now taking the lead of Portuguese seeing these parties.

leader Professor Anibal Cavaco culties in compiling the elec-Silva to form a minority tion results, President Eanes Government was prevented until today from carrying out the constitutional

Fully equipped Business Centre

with secretarial service, facsimile, 24-hour telex and prompt message delivery.

Most modern accommodation in Seoul.

For reservations call your travel agent, and Hilton International hotel or Hilton Reservation Service.

SEOUL HILTON INTERNATIONAL

Hesse alliance

THE PROSPECTS for a stable "red-green" coalition in Hesse looked more confused than ever last night, as members of the radical environmentalist party in the state began what promised to be a lengthy and crucial debate on approving plans to form a joint government with the Social Democrats (SPD).

Last week, after Green deputies in the state parliament in Wiesbaden had almost unanimously voted with the SPD in voting down with the SPD in voting down
a censure motion sponsored
by the opposition Christian
Democrats (CDU), it had
seemed virtually certain that
the Hesse party would ratify
the alliance—unprecendented
at state level in West
Germany between the two
variance.

But agreement was always going to be at the price of a collision between the two Green factions, the Reales who believe that the party's future lies in an accommodation with the SPD, and the Fundis, or fundamenand the rundis, or rundamen-tailsts, who argue that coali-tion would irreparably damage the Greens' credi-bility. Two developments have strengthened the funda-mentalists' hand.

On Saturday, the Greens' national committee here issued an unexpected appeal to the Hesse party to throw out the coalition agreement, which provides for a Green to hold the important environment ministry in the state. Such a deal, it said, threatened the independence of the Greens.

In a second tactical victory, fundamentalists yesterday used a special debate on the death of the leftwing demon-strator Herr Ginter Sare to argue against agreement with the SPD. Herr Sare was killed. allegedly by a police vehicle, during an anti-Nazi rally in Frankfurt, the biggest city of

Hesse, on September 28, In the meantime, the centre right has kept up its on-slaught against the SPD for its readiness to deal with the Greens. Herr Gerhard Sieltenberg, the CDU Finance Minister, warned yesterday that the Greens in government would threaten not only the West German economy, but Rupert Cornwell looks at life on West Germany's busiest waterway

Indian summer hits Rhine boatmen

golden autumo are a welcome boon for many, not least the considerable tourist industry which lives along and off the Rhine. But it is turning into a disaster for the boatmen who

disaster for the boatmen who actually have to make their living upon the river.

Weeks without raio bave reduced West Germany's busiest waterway to a shadow of its usually surging self. The river has shrunk (by up to 50 yards io width in some places) and great grey-brown expanses of what is normally riverbed stretch out as dry land from its banks.

The Rhine remains more or less navigable for river traffichut enly just. In many sertions,
single-file traffic is now the
order of the day. More serious
still, the exceptional shallowness of the river has forced
freighters to cut their cargo
loads by up to a half, to avoid
runoiog aground. Some, Indeed
already bave, includiog a
Belgian vessel which last week
got stuck under a bridge in
Bonn.
Further np river, the effects
of the mini-drought are even less navigable for river traffic-

of the mini-drought are even more evident. At Kaub, a town close to the Lorelel rock in the close to the Lorener rock in the Rhine's most accolc passage, the water level has dwindled to just 1.5 metres. The Rhineplal, an island castle which in the

BY OUR FOREIGN STAFF

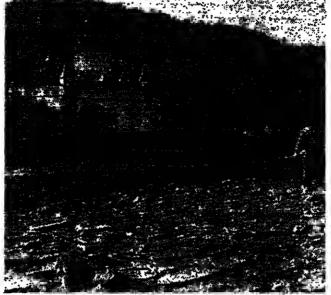
capitalism remains "strong and dangerous" and the road to true communism is "uneven, complex and cootroversial," according to the Soviet com-

munist party's latest ideological

The new programme, published at the weekend, is the Soviet party's first full statement of its domestic and

ment of its domestic and foreign policy aims for 24 years. It supplants the Utoplan programme promulgated by Khrushchev in 1961 and, after approval by next February's party Congress, will, in a broad sense, guide Soviet policy to the and of the contury.

blueprint for the future.



The rocky foundations of this medieval castle near Kanb, usually submerged in water, are left exposed as Rhine water levels drop to a 14-year low.

Soviet plan bears Gorbachev's hallmark

culties" in the Soviet economy
in the 1970s and early 1980s
and calling for more labour
efficiency and discipline and and more than double labour

water level has dwindled to The town is happily coolemjust 1.5 metres. The Rhineplal, plating a late-season tourist days will be great for business,"
an island castle which in the hoom, as a result of the brillisays Herr Gerd Winschermann, middle ages served as a ant weather and the prospect the Mayor of Kaub.

THE ADVANCE and eventual general secretary in March, the labour. The new programme triumph of communism programme bears the new merely states that "by the year over "bistorically doomed" leader's pragmatic hallmark in 2000 virtually every Soviet acknowledging "certain unfamily" will have a house or

However, these broad themes apart, the lengthy document

gives little precision to the detailed Gorbachev reform programme that is still awaited. In sum, the new party

platform constitutes a lowering of expectations, if not of eventual goals. It offers far fewer hostages to fortune than

the 1961 programme which forecast the Soviet Union would

by 1980 outstrip the U.S. in

end of the century.

Though its preparation Russians a six-bour workday, ence and detente with the West started before Mr Mikhail rent-free accommodation for all but also speaks of the "acute Gorbachev became party and an end to hard physical struggle" with capitalism.

triumph of communism programme bears the new over "bistorically doomed" leader's pragmatic hallmark in capitalism is "inexorable," but will take some time because capitalism remains "strong and in the 1970s and early 1980s and dangerous."

wider us

customs post for boat traffic, is of walking oot just by the now separated from the river Rhine; but actually oo it. With bank by a mere trickle of water. the long All Saints holiday jost

apartment of its own.

productivity by the end of this century. But it avoids the risky

comparisoo with foreign coun-

tries in the earlier programme.

The communist party itself is

urged to promote younger workers and women to "guaran-

tee against routine, stagnation and voluntarism." The past

phrase is Soviet jargon for erra-tic behaviour of which Khrush-chev was scensed, Mr Gorbachev

has been vigorously pruning the bureaucracy of older officials The new programme, like the

the opposite is true—especially for the Pertikulieren, the small

for the Pertikulieren, the small private barge operators whose numbers have shrunk from 4,000 to 1,500 in the last 20 years as a result of overcapecity and cut-throat competition from the few lerger groups which dominate the West German river and canal shipping business.

Other problems beve arisen too. A falling water level bas increased the pollution threat, although not yet to crisis point. In normal times organic pollutants run at 40 micrograms per litre of Rhine-water. Today the cooteot is 90 micrograms, but still short of the first emergeocy level of 100 micrograms. But if the river shrinks further (and weether forecasts say the fine spell will continue for the oext few days et least) then further restrictions oo night traffic and on permitted waste disposal by industry into the river will surely come.

A receding Rhine has brought

A receding Rhine has brought A receding Rhine has brought with it some interesting flods, with embarrassing coosequences. At Beuel, just across the river from Bonn proper, a passer-by found on a dried-out patch of land e potentially lethal smoke grenade, of recent Bundeswehr issue. The West German military are now conducting an inquiry to find out bow it got there.

Ambivalence towards the

West is further highlighted by

the programme's comment that, while economic co-operation

between East and West is natural and useful, Comecon

integration must be increased to enhance the East's "technical

and economic vulnerability to bostile actions of imperialism."

This is an apparent reference to Nato and U.S. sanctions in the wake of the invasion of

Afghanistan and martial law in Poland and to tighter Western

The main foreign impact of

the new Soviet programme will inevitably be on Eastern Europe, Hungarian communists already anticipated the more

pragmatic tone of the Soviet leadership on economic goals in

their party congress earlier this year, and other East Euro-

pean parties are likely to take

their time from Moscow in their

party congresses next year.

technology controls.

SIG CARLO CIAMPI, Governor of the Bank of Italy, called for strong action to cut Italy a public spending horrowing requirement (PSBR). Addressing the annual meeting of Italy's Forex Club in Milan Sig Clampi also launched a now familiar warning about the country's runaway public sector deficit. deficit deficit.

During his speech the central bank Governor hinted at plans for a strict monetary policy in 1986 which would see growth in credit to the private sector restricted to 9 per cent.

Sig Clampi stressed the need both to fight inflation and to reduce Italy's trade imbalance. He said monetary policy must be aimed at reducing the current account deficit, which this year will be more than

this year will be more than doubled at L12,000bn (£4.71bn).

doubled at L12,000bn (£4.71bm).

He said: "Conditions exist to bring inflation down to the level of other industrialised economies." The Italian inflation rate is 8.3 per cent.

Speaking in unusually explicit terms Sig Ciampi dismissed a variety of political proposals designed to lower the Treasury's cost of financing the public sector deficit. He spoke against the idea of taxing government securities and criticised proposals to consolidate the national debt by offering perpetual bonds in place of fixed term paper.

The Governor also opposed The Governor also opposed suggestions which would force hanks to subscribe to govern-

FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as mem-bers of the Buard of Directors, F. Barlow, R.A.F. McClean, G.T.S. Dezzer, M.C. Gorman, D.E.P. Palmer, London, Printer: Frank-furth. further Societies Drucksrei-GeobH, Frankfurt/Main, Respon-sible editor: C.P.P. Smith, Frank-int/Main. © The Financial Times Ltd, 1985.

PENANCIAL TIMES, USPS No PINANCIAL THEES, U.S. Sub-mining and holidays. U.S. sub-mining autes \$38,00 per su-mm. Second chair postage pold-at New York, N.Y. and at addi-tional malling offices. POST-MASTER send address changes to FINANCIAL THEES, 14 East

Company Notices

Société Nationale des

Chemins de Fer Français

£75,000,000

Guaranteed Floating Rate Notes 1993 (redeemable at the holder's option in 1990)

unconditionally guaranteed, as to payment of principal and interest, by

The Republic of France

In accordance with the provisions of the Notes, notice is hereby given that, for the three months period, 24th October, 1985 to 24th January, 1986, the Notes will bear interest at the rate of 113 per cent per annum. Coupon No. 9 will therefore be psyable at the rate of £149.66 per coupon from 24th January, 1986.

> S.G. Warburg & Co. Ltd. Agent Bank

NOTICE OF MEETING IS HEREBY GIVEN that General Meeting of the Comment on the Baltroom, and Futter, 14 Carrington Son Tucsday 18th November 1900n 15 years [me].

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE CANADA-UNITED KINGDOM FREIGHT CONFERENCE

TREGOT SECRETARIAT LTD Kilameted, Crawley West Susser, RH10 29G October 1985

IU INTERNATIONAL CAPITAL CORPORATION N.V.
USSES,000 RETRACTABLE
FLOATING RATE NOTES DUE 1992 NOTICE IS MERTEY GIVEN that for the Interest Farloa commoncing October 29 1985 the Notes will bear interest at the rate of 51%. Per annum. The Interest Payable sa January 29 1985 against Coupon Mo. 5 will be USS223.81 per US\$10,000 Note. ORION ROYAL BANK LTD.

Art Galleries

AGNEW GALLERY, 43, 04 Bond St. 01-829 6176. THE MARQUESS CHOLMONORLEY'S COLLECTION MILITARY PICTURES. GRAWINGS A PRINTS. Until 1 NOW MOR.-Fri. S 8.30: Thurs. and 6.30.

Clubs

as palling and with of lair play and with 10-3.30 am

Supply of Electrical Equipment, Machines and Stock of Tools for the renovation of Bamako's Electricity Network. International Notice of Invitations to Tender.

In order to renovate Bamako's Electricity Network, the Energie

du Mali (EDM) Company it Issuing an International Notice of Invitations to Tender for the two following lots. Lot 1 — Supply of Electrical Equipment

Conductors

■ MV/LV Station Equipment Transformers and Accessories

 Network Accessories Lot 2 — Supply of Machines and Stock of Tools
Floancing is arranged by the Association of Internationale de
Developpement, by CCCE, by FAC and by OPEC.
Tender documents will be available from October 15th, 1985
and may be obtained after payment of a non-refunable fee
of CFA 100,000 per copy, via certified cheque or money-order
payable to Energie du Mail, at the following eddress:

M. Le Directeur General, Energie du Mali Square Lumumba, BP N 69 Bamako (Republique du Mali) or Ambassade de la Republique du Mali 89, Rue de Cherce Midi, 75206 Paris—France

Or may be forwarded via the most rapid means together with the same fee (please add forwarding fees). Envelopes containing tenders must reach the General Director, Energie du Mail, at the above addresses, at the latest oo December 2nd, 1985 and 03.00 local time, either via registered mail with return receipt requested, or deposited at these premises (a receipt will be issued). Envelopes will be opened on December 2nd, 1985 at 10.00 local time.

FINANCIAL TIMES

PUBLISHED IN LONDON . FRANKFURT . NEW YORK

INTERNATIONAL & BRITISH EDITORIAL, ADVERTISEMENT & CIRCULATION OFFICES

Manchester Edicatel, Advertising and Corcelation Queer's Home, Queen Street, Manchester M2.5HT. Teles: 660 813. Tel: 061-834 9381. Mexico City: Estarial Calle Diagonata 54-500. Col. Jeans, Mexico 6DF 05600, Telesc do Resteri |Lustin 24145). Tel: 592 5822. Alors. Telem: tro Research (London 24 145).

Celebration Telem: 258407. Tel: 0212-732 4500.

Celebratic Editorial PD Box 2940, Cairo. Tel: 751 482.

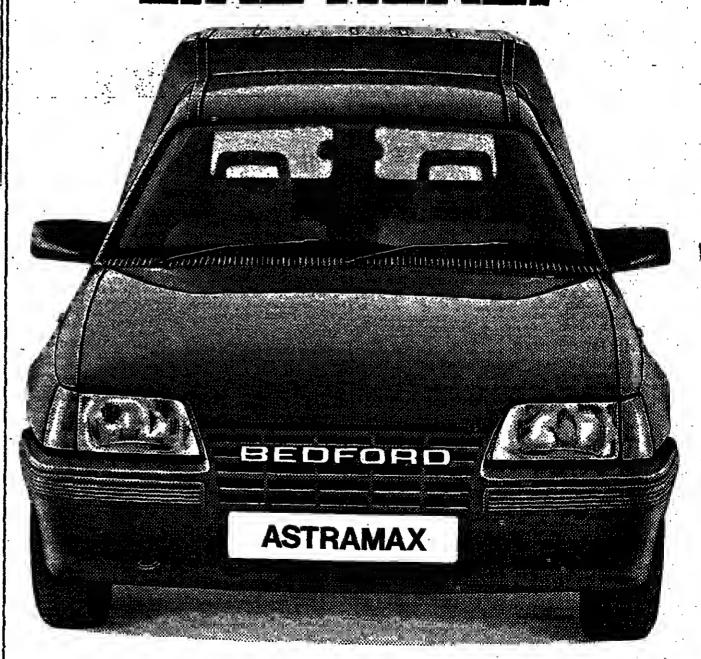
Canonia Editorial PD Box 2940, Cairo. Tel: 751 482.

Canonia Editorial PD Box 2940, Cairo. Tel: 751 482.

Canonia Editorial PD Box 2940, Cairo. Tel: 751 482.

Consentance: Advertising and Circulation of Death
Editorial Editorial and Circulation of Death
Editorial Editorial Affice Control 069-7990.
General Editorial Advertising and Constaline 15
Stechester: Editorial 10 Stechester: Steches Baildong, 8 Wyndjiam Street Hong Kong, Teleit College Wards. Tel: 3-206-674. Selficity Selficity

For Share Index and Business News Summary, Telephone 246 8026 (number preceded by the appropriate area code valld for London, Birmingham, Liverpool · and Manchester).



ASTRA VAN PRICES START AT £4,411.00;

Authorit

Peres optimistic on talks between Israel and Jordan

BY WALTER ELLIS IN JERUSALEM

PEACE negotiations between Israel and Jordan are a growing possibility, Mr Shimon Peres, the Israeli Prime Minister, said

n cal 😘

ţ0

Reporting to the Unity Cabinet in Jerusalem following his visit last week to the U.S. and France, Mr Peres said that be bad perceived a "dramatic change" in international attichange" in international atti-tudes towards peace talks and the Palestine Liberation

Organisation.
His call to the United
Nations Security Council last week in New York to convene direct talks between Israel and a Jordanian/Palestinian delegation could, be told manisters, result in direct bilateral negotiations.

Mr Peres arrived back in Jerusalem expecting a barrage of criticism from right-wing Likud members of the Cabinet. However, his performance abroad has been received with such acclaim, especially in the U.S., that his critics have been

The Prime Minister gave an assurance that he had not urged an international conference on an international conference on the Middle East and had not then the deadlocked peace proback-tracked on the Government's refusal to negotiate with be jerked free.

Israeli warplanes struck at a Israeli warplanes struck at a Palestinian guerrilla complex yesterday and an Israeli official in Tel Aviv said eight buildings were hit and tanks, armoured vehicles and an ammunitioo dump destroyed in the raid, Nora Boustany reports from Beirut.

There was no word on casualities but the Syriansponsored National Palestinian Salvation Front con-

tinian Salvation Front con-firmed the attack. Reports said two bases of the Syrian-backed Popular Front for the Liberation of Palestine at the central Lebanese villages of Barr Elias and Taanayel, were targeted.

Several Likud ministers bad promised political fireworks to greet the Premier's return. In the event, little opposition was staged and the Cabinet session

was largely one-sided.

If Mr Peres is right in his assessment that international, especially Jordanian, support, is

U.S. support for the Peres initiative seems clear, and even the Soviet Union could be drawn into participation via the Security Council, Mr Peres is anxious not to allow Moscow to adopt too prominent a role but would be willing to accept some Soviet involvement simply

in order to get things moving.

This would especially prove the case if the quid pro quo was an early re-establishment of diplomatic relations between Israel and the Soviet Union suspended since the six-day war in 1967. in 1967.

Peres' call for direct talks via the Security Council remains to be seen. Early conflict seems inevitable. While the Likud remains less than fully committed to negotiations that would include the future status of the West Bank and Gaza, Mr Peres still faces opposition in Israel. The Israeli Premier, however, The Israeli Premier, however, has stamped his personal authority on the process, with U.S. backing. The next move should come from Amman, where relations between King Hussein and Tryssir Arafat, the PLO leader, are again tense and uncertain in the wake of the Achille Lauro affair.

by the ANC."

Meanwhile three blacks were killed by the police, two at Zwide, near Port Elizabeth, and one at Langa, near Cape Town, as violence continued in townships in many parts of

ports that Mrs Margaret Thatcher, the UK Prime Minister, would nominate Sir Geoffrey Howe, the British Foreign Secretary, to lead a Commonwealth dinlomatic

bowever, that Sir . Geoffrey was a possible candidate as Britain's representative on the mission, but no nemina-tion had yet been put for-

S. Africa to boost strength of police force

By Anthony Robinson in

THE SOUTH African police force is to be increased by 11,000 to 56,000 over the next 18 months and many new police stations are to be built in black townships, the police mnounced over the weekend. The move is part of a longterm plan to ease manpower shortages.

A front page report in the Afrikaans Sunday newspaper Rapport also hinted at strict curbs on reporting by the foreign media following complaints from senior police officers that the police force was the property of the police force was the police force. was "practically powerless" against African National Con-gress (ANC) propaganda.

"The biggest stumbling blocks in the struggle against the ANC are hostile minded media people especially foreign newspaper and TV people," Rapport said.

"The false image which these sensation bunters send out to the world is making the police task almost impossible. Unrest could have been over long ago if the Press did not let itself be intimidated so easily

Rapport, which is close to raling National Party think-ing, added that strong action can be expected against the foreign Press within the next

the country despite the exten-sion of the state of emer-gency to the Cape Town area on Friday night.

Michael Holman writes: Re-

commonwealth diplomatic mission to South Africa were described as "speculative" and "premature" by Govern-ment officials last night. Downing Street confirmed,

Baker banks on non-U.S. creditors

BY STEWART FLEMING IN WASHINGTON

Mr James Baker, U.S. Treasury raised eyebrows lst week when be told Congress he expected non-U.S. banks to contribute about \$13bn (£9bn) of the \$20bn of new commercial bank lending over three years called for in the plan he has proposed to hoost economic growth in developing countries.

It has been widely assumed that, not least because Latin American nations are the main focus of the Baker initiative, it would be U.S. banks which would bave to shoulder the major burden of increasing their loans to the 15 developing countries Mr Baker is targeting for special belp.

Both Government and private statistics show clearly that even in Latin America it is non-U.S. ception that this is not the case banks, including European and derives Japanese lenders, who bold rigorous

ments for non-U.S. banks. But it is also the case that in relation to their capital and their total loan portfolios some individual U.S. banks are generally believed to be more dearly committed particularly generally believed to be and deeply committed, particularly in Latin America, than most of their foreign competitors.

Nevertheless, foreign bankers meeting in Washington today to debate their response to the Baker plan are thus well aware of the burden of responsibility they bear in formulating that

According to data drawn up from private banking sources banks hold about 66 per cent of the \$426bn of debt which the 15 borrowers bad outstanding at the end of last year. The nine Latin American countries on the list accounted for 70 per cent of the bank debt. in part from less disclosure require-Figures prepared earlier this

year by Morgan Gnaranty Trust of New York and published in the July issue of World Finan-cial Markets covering all Latin American nations suggest that Latin America had bank debt outstanding of \$242.6bn at the end of last year of which two-thirds was owed to non-U.S.

U.S. Government data for the nine Latin American countries covered by the Baker plan broadly confirms this split, put-ting U.S. bank loans to the region as slightly over onethird of the total.

Even in the four major Latin American debtor nations-Argentina, Brazil, Mexico and Venezuela—non-U.S. banks held 65 per cent of the \$200bn of outstanding bank debt at the Morgan Guaranty.

Gandhi rejects Pakistan denials

The Indian Prime Minister, Mr Rajiv Gandhi, yesterday refused to accept that Pakistan is not developing nuclear weapons despita personal assurances to the contrary given to him last week in New York by President Zia ul Haq. But while this key point of difference remains, the two leaders did agree to try to improve the fractious and often hostile relations between their hostile relations between their is always a bridge between the

bat and top coat.

India found the Soviet Union very understanding with countries by starting talks on the problem of infiltrators crossing from Pakistan into the northern Indian states of Punjab and Kashmir. They will also try to improve trade trade to improve trade trade

This emerged yesterday when Mr Gandhi returned from a state of the change of plan international till the last minute. In New against South Africa at the image and ended with a sudden visit to Moscow for talks with Mr Mikhail Gorbachev, the Soviet leader.

Dat and top coat.

But journalists accompanying to line up with the views of him said they bad no know British Prime Minister Margaret Thatcher on sanctions in the last minute. In New against South Africa at the Commonwealth conference, he for his expected return on replied: "We did not go along with through last week." Asked how he had managed

Alfonsin appeals arrest ruling

DUTSTANDING DEBT

4.2 102.0

ARGENTINA'S main appeals court was yesterday meeting in extraordinary session in an attempt to settla the deepening and politically confusing conflict of powers between the Executive and the judiclary a week away from next Sunday's mid-term Congressional and municipal elections.

municipal elections.

Over the weekend two indges squashed a series of arrests ordered by President Raul. Alfonsin's Government under a limited state of siege declared on Friday, and ordered the release of five military officers and two civilians allegedly linked to the recent wave of bomb attacks.

BY OUR WASHINGTON STAFF

MR ROBERT MCFARLANE,

President Ronald Reagan's

National Security Adviser

yesterday vigorously defended the Administration against charges that it is divided over its approach to the summit meeting with the Soviet Union scheduled to be held in Geneva

next month.

challenge to an Executive decision by the indiciary in less than a week—was immediately

McFarlane denies splits on summit

under a state of siege.

The judges claim there is no evidence justifying the continued detention of the seven, terrorists.

constitutional and legal framework with which to act more effectively against suspected terrorists.

the diversity of opinion which Mr Reagan receives ensures that

he has before him high quality input into the decisions he

Mr McFarlane in a television

The ruling-the second direct who include senior army intelli gence officers and a journalis

than a week—was immediately appealed by the Government on constitutional grounds opening up the prospect of an eventual intervention by the Supreme Court.

The two judges based their decision on a law recently approved by Congress, but apparently overlooked by the Government, empowering the judiciary to review the legitimacy of arrests ordered under a state of siege.

The judges claim there is no Prensa newspaper.

to resolve a number of minor hilateral issues — he cited

Pacific air safety — on his visit

Mr McFarlane's comments follow disappointment in

follow disappointment in Europe with the truculent tone which Mr Reagan adopted in

next week to Moscow.

with the Soviet Union," Mr Shultz, U.S. Secretary of State, McFarlane said. He added that to resolve a number of minor

Ivory Coast President set for re-election By Peter Blackburn in Abidjan

IVORY COAST voters went to the polls yesterday to endorse the nomination of President Houphouet Boigny for a sixth

five-year term in office. The President is widely expected to be re-elected by an overwhelming majority of the 3.6m electorate when the results are officially declared on Tues-

Unlike other veteran African presidents such as Tanzania's Julius Nyerere and Sierra Leone's Siaka Stevens, both stepping aside this year, Presi-dent Boigny, 80, has decided to continue to lead this stable and prosperous West African state of nearly 10m people.

He had been expected to name a vice president and official successor at a congress ot the PDCI-RDA, the country's sole political party. But he again changed the constitution and reverted to the previous formula whereby the president of the National Assembly would take office for a 45-60 day interim period while presiden-tial elections were organised.

• Mr Ali Nassan Mwinyi was which Mr Reagan adopted in his speech to the United agenda in Geneva. He indicated last week that Mr Reagan was working on a new arms control proposal. Yesterday he said that he is expecting Mr George which Mr Reagan adopted in control his speech to the United Nations last week and fears Nyerere by the Tanzanlan electorate yesterday. Mr Ministration will make it difficult to achieve arms control progress in Geneva.

"President Reagan runs his policy process and he intends to set a course which will make progress in his relationship IIUFI



No-one can deny the huge success equipped with a proper bulkhead. Unlike

Now the new Astramax can only add to the popularity of the range, while adding to the discomfort of competitors (but certainly not of drivers).

The Astra Van is well-known for the best 'office' set-up and for the best handling and performance in its class. Same difference for Astramax.

ie omer vans.

The slippery smooth shape is more than a modern front for business. The Cd factor is a low 0.34.

While at the business-end, twin rear doors open to a 90° stop. Or a full 180°; handy for loading bays. And for taking on a choice of 365 or 560 kg payloads in the huge 82 cu. ft. load-space.

For even more load-space, optional with the Astramax, is an extended loaddeck in place of the passenger seat.

On the small side, fuel consumption and all the running costs. Whatever your choice from three petrol engines or a diesel, with 4-speed, 5-speed or automatic gearboxes (according to engine).

To end with the finish, the corrosionprotection and paint process is the most up-to-date in Europe.

As for the Astramax's price, it's attractive enough to save you the bother of shopping around.

ASTRAMAX FACTS, ONLY A PHONE CALL AWAY

To obtain details of Astramax and the name of your nearest dealer, telephone Bristol (0272) 47001 anytime (staffed day and night).

One thing is certain you'll receive something to your advantage.



BEDFORD Management Now the driving force.

Bedford Commercial Vehicles, Division of General Motors Overseas Commercial Vehicle Corporation, P.O. Box 3, Luton LU2 0SY.

ASTRAMAX STARTS AT £4,653.00. PRICES EXCLUSIVE OF VAT, DELIVERY CHARGES AND NUMBER PLATES.

INVENT ENERGY HOLDINGS p.l.c.

(to be renamed Triton Europe p.l.c.)

(Incorporated in England under the Companies Act 1948 to 1981 Registered in England No 1711516)

Introduction to the Official List

SHARE CAPITAL Ordinary shares of 5p each

Number

125,000,000 82,500,000

Authorised Issued and fully paid 6,250,000 4,125,000

The Council of The Stock Exchange has admitted the whole of the issued share capital of Invent Energy Holdings p.l.c., formerly dealt in in the Unlisted Securities Market, to the Official List. It is expected that dealings will commence on 31st October 1985.

To reflect the importance of the Company's operations in France, which are conducted through its wholly owned subsidiary, Triton France SA, the name of the Company is to be changed to Triton Europe pl.c.

Listing particulars relating to the Company are available in the Extel Statistical Services and copies of such particulars are also available during normal business hours on any weekday (excluding Saturday) up to and including 11th November,

County Bank Limited 11 Old Broad St LONDON

Invent Energy Holdings p.l.c. 38 Savile Row **LONDON WIX 1AG** Grieveson, Grant and Co Leith House 45/57 Gresham Street

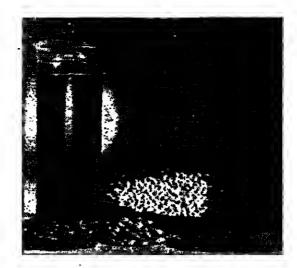
Any TWA flight in America: £22.

LONDON ECZV 7EH

and are also available from the Company Announcements Office, Quotations Department, PO Box 119, The Stock Exchange, London EC2P 2BT on 29th and 30th October 1985.

28th October 1985.

EC2N 1BB



Do you know us well?

Sichuan Branch of China National Cereals, Oils and Foodstuffs Import and Export Corporation offers you top quality products.

Sichuan Tung oil (vegetable oil for industrial use) has minimum content of free fatty acid (max. 4%) and dries up very quickly (within 7.5 minutes). It has long been famous for ample supply, superior quality and excellent characteristics.

Kidney Beans, Sichuan's another speciality, are ideal ingredient of various kinds of cakes, pastries, stuffing for pastry, soup, porridge, bean paste and other confections.

Enquiries and orders are most welcome. Contact us today for further information.



China National Cereals, Oils & Foodstuffs. I/E Corp., Sichnan Branch Address: 16, Third Section, Renmin Zhong Rosel; Chengdu, China Tel: 27048 Telex: 60149 SCOF CN Cable: 9037 Chengdu

OVERSEAS NEWS

Mostek closure forces rethink on Irish high-tech sector

and supplies.

Crucial to this is the IDA's nation-

al linkage programme, set up in the last year, which aims to increase

the proportion of local content in

foreign companies to get into prod-uct development and manufacture

in Ireland, to increase local value

retention, and to broaden the range

of products and thus spread any

At present, the largest sub-sector

in employment terms is components, with nearly 7,000, followed

by data processing with about 5,700. Software manufacture accounts for

about 3,000 and industrial electronics 2,500 with the volatile consumer

About one quarter of overseas

companies have product develop-ment plans. Examples include Aua-

log Device, which is setting up a re-search and development centre and

plans for two plants in Ennis, Co. Clare, and Ballysmaon, Limerick.

The IDA lays great stress on the

availability of a skilled workforce,

risk of industry collapse.

sector employing only 600.

over the next five years.

sion of still to develop more depth and extravagant artist's impres

industrial estate symbolised ambitious plans the U.S.-owned compaer to the industry. He stressed that

phone switchboards for small businy had for expanding its mismaking. ny had for expanding its microchip in seeking to entrench electronics in Ireland, the IDA and the banks

Earlier this month Mostek's operations worldwide were shut down by its parent company, United Technologies, and its 417 Irish em-ployees were laid off. They left a factory only a fraction of the size memory only a fraction of the size envisaged by the optimistic artist standing forloanly empty, its function of assembling and testing integrated circuits halted.

Is the fate of Mostak, once a hight star in the Irish Industrial

Development Authority's (IDA) firmament, a chill omen for the republic's 15-year old electronics in-dustry as a whole? The industry hoasts such names as Apple, Digi-tal, Ericsson and Fojitan.

The answer seems to be no, but the IDA will have its work out out to maintain healthy growth rates in the sector and achieve its goal of ea-

the sector and achieve its goal of es-tablishing — in the words of Mr Martin Lowery, IDA executive di-rector — an indigenous, internation-ally-based electronics industry. Mr Lowery and Mr Peter Lynch, Mostek Ireland's managing direc-tor, pointed out that Mostek's col-lence did not than from having a lapse did not stem from having a plant in Ireland. It fell largely be-cause it was operating with a narrow product base in the slumping semiconductor business and was hit by rising competition from Japan. Looking on the bright side. Irish

officials said that in its six years in Ireland, the company had ploughed IE46 m (\$46.8m) into the local economy for the cost of about IE5.5m in grants, most of which would be paid back under a contingent grant lia-However, Mostek had at one time

planned to expand into microchip a water fabrication facility in Limemanufacturing in Dublin, employ-rick, and Kollmorgan Corporation, ing up to 1,200 people, and its clo-sure followed shutdowns earlier plans for two plants in Ennis, Co. this year, with the loss of 500 jobs, of Atari and Storage Technologies

In a sector comparised of some 300 fed by a growing emphasis in the companies employing 22,000, or 11 past five years on producing high-per cent of the manufacturing quality technical graduates, a policy workforce, and growing last year in which has led to the concentration output at about 20 per cent, such of electronics companies around the setbacks can be accommodated. university cities of Dublin, Cork, "But the IDA must pick the win-ners," said Mr Michael Pearce, Electronics industrial

Electronics industrialists caution. however, that raising the amount of

HANGING IN the now near-desert- automated systems producer. He fundamental research and developed entrance hall of Mostek, Ire-said be was optimistic for the future ment carried out in Ireland will be land's high-tech Dublin plant, is an of the industry in Ireland but it had very difficult as many companies. will want to keep their product de-

The picture of crisp, brick-built

This view is shared by Mr Finbuildings interspersed with pools
and fountains and set on a specious

This view is shared by Mr FinA handful of irish companies has
also sprung up, mainly aimed at
also sprung up, mainly aimed at
an approximately a small specialist markets. Lake Electrical sprung up, mainly aimed at
an approximately a small specialist markets. Lake Electrical sprung up, mainly aimed at
an approximately a small specialist markets. Lake Electrical sprung up, mainly aimed at
an approximately a small specialist markets. Lake Electrical sprung up, mainly aimed at
an approximately a small specialist markets. Lake Electrical sprung up, mainly aimed at
an approximately a small specialist markets. Lake Electrical sprung up, mainly aimed at
an approximately a small specialist markets. Lake Electrical sprung up, mainly aimed at
an approximately a small specialist markets. Lake Electrical sprung up, mainly aimed at
an approximately a small specialist markets. Lake Electrical sprung up, mainly aimed at
an approximately a small special sprung up, mainly aimed at
an approximately a small special sprung up, mainly aimed at
an approximately a small special sprung up, mainly aimed at
an approximately a small special sprung up, mainly aimed at
an approximately a small special sprung up, mainly aimed at
an approximately a small sprung up, mainly aimed at
an approximately a small special sprung up, mainly aimed at
an approximately a small special sprung up, mainly aimed at
an approximately a small special sprung up, mainly aimed at
an approximately a small special sprung up, mainly aimed at
an approximately a small special sprung up, mainly aimed at
an approximately a small special sprung up, mainly aimed at
an approximately a small sprung up, mainly aimed at
an approximately a small sprung up, mainly aimed at
an approximately a small sprung up, mainly aimed at
an approximately a small sprung up, mainly aimed at
an approximately a small sprung up, mainly aimed at
an approximately

for IBML It was to be an important contrib-nter to Ireland's effort to build a with developing product ranges— thriving electronics industry as an unlike Mostek— and a significant through the industrial dependence on local labour skills industrial dependence on local labour skills and management with building and management with the statement of the statement with t For companies looking to expand 10 per cent with building and ma-chinery costs also tax-deductible.

Grants are generous and training costs are often paid for wholly by the IDA. Under special legislation, banks can lend a limited amount to products put together in Ireland. banks can lend a limited amount to Mr Lowery said about 20 per cent of companies in return for dividends raw materials used by the electronin lieu of interest with the diviics industry was bought locally, which the IDA wanted to raise by about I per cent per year across all sectors. The linkage programme was intended to stimulate IS100m dends tax free. For foreign companies there is the added attraction of a skilled and relatively cheap workforce to go with the EEC gateway to big European markets.

of extra business for Irish suppliers Irish officials believe they can offer attractions as good or better than, for example, Scotland where the industry is older and about This is generally acknowledged to be a tough task. It should have been started years ago," said one senior executive. He said many twice as big.

The main drawbacks are a limforeign electronics companies in Ireland would be doing very well if ited domestic market and the less tangible worry that other European countries might put pressure on companies with a large market they got as high as 20 per cent local The linkage programme ties in with the IDA's efforts to encourage share on their soil but no factory

The IDA acknowledges that growth in terms of job creation will slow down. Earlier targets of 25,000 people in the industry by this year and an ultimate target of 40,000 have been put quietly to one side. The trouble is that pressure on the authority to create jobs is great in a country with more than 17 per cent memployment and half its population under the age of 25.

This, and fears that the electronics industry may prove fragile and of more benefit to foreign companies than to the country, have prompted some economists to suggest an alternative strategy of long-er-term state investment in such indostries as engineering and food

The IDA insists it gives value for ney, not least in the sector's contribution to Ireland's balance of payments. Electronics' exports to-tailed IE2.5bn last year, 35 per cent of manufacturing exports. In the first eight months of this year, the figure recebed 1£1.7bm, compared with IELAbn in the same 1984

Maintaining such growth is cru-cial Mr Pearce said: Td hate to write off electronics as a growth industry in Ireland. If it can't come in electronics, where can it come?"

chief executive of Mentec, the Irish Colombia asks IMF not to send mission

BOGOTA - Colombia has asked the International Monetary Fund (IMF) to postpone a planned visit this week, saying conditions were not appropriate.

The request was made in a letter to Mr Jacques de Larosiere, the IMF managing director, from Sr Hugo Palacios, the Finance Minister and Sr Francisco Ortega, the central bank governor.

An IMF mission, part of a quar-terly monitoring of the Colombian economy agreed earlier this year, was expected in Boguta today.

In the letter Sr Palacies and Si Ortega said the IMF had been "faithless" in allowing the release of a memorandum on the Colombian economy written ahead of the scheduled visit. They said the memorandum mer

tioned aspects of fiscal policy, the need to curb inflation and control the balance of payments current ac-count deficit, that the Government had already corrected.

The document did not take into account September figures, they



Name Title_ Company Address Tel No.

Dallas for some good of friends, See all the America you've dreamed about with TWA's new 'US Rover' ticket." All you have to do is buy the new TWA the heart of Texas. All America. TWA flies to

'US Rover' ticket when you book your TWA transatlantic flight. You book a minimum of four flights, and as many as you like up to eight. Any TWA flight. Any distance. All at £22 a flight.

Arzona for " Grand Carryon.

San Francisco for the Golden Gate.

it means that now, when you make that long-dreamed-about visit to America, you see lots of it.

Think of the places! Hollywood ... the Rocky Mountains... the Grand Canyon ... Florida Everglades ... the Wild West ... the Old South ... quaint New England ...

over 60 cities, so you've got plenty of choice.



Free Hertz car for a weekt You can get a lot more from your visit if you take advantage of TWA's FREE car

offer With two transatlantic adult fares you can rent a Hertz car free, for one continuous week. You only pay taxes, insurance and petrol. It's operated in association with Travellers Jetways

New York for New York

Let your TWA Main Agent help To help you get the best from your visit get advice from an expert - getting from one place to another, for instance, may take more than one flight. Your TWA Main Agent will help you plan and get the best from your trip. Call in and

Leading the way to the USA "The Rovey Twiget is valid for pavel until March 21st 1986 Advance: purchase is required See your travel agent for details 10 fler available at all Hertz corporate locations in the USA.

	Reuter	·	
fo	rai	tives	Copies And now Financial Police of Orthon And Police of Orthon Control Police of Orthon Control Police of Children and Angele of Children
advance factorized for the start to a melevel of Go qualifying beautifying beautifying to Business Lee	ish grants, cheap loans, ctories and training assi- new business venture. No evernment incentives o ousinesses. For further of ocation and Financial In-	rent free periods in modern istance can make a really great Mid Glamorgan has the highest in the UK mainland available for details and free copies of our new centives Guides, return this	Business Cation Sande
County Co	the Industrial Develop xmail, Greyfriars Road	ment Unit, Mid Glamorgan , Cardiff CF1 3LG or phone ally great start with our incentives	
Name		Position	
Соптрапу			2 4 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Conquery			
Address			
		Wid Cl	
Address	inezs	Mid Glar	norgan

doll selita!

rethin

In the right hands, one of these could save your life.

Deep in the almost impenetrable rain forests of the Amazon, where only the most intrepid explorer dares to tread, there grows a vine called *Chondrodendron tomentosum*.

From this, the South American Indian tribes have for centuries produced a deadly arrow poison which we know as curare.

It was noted as long ago as 1541 when the Spanish explorer, Francisco de Orellana, lost a companion after an Indian shot him with a curare-tipped arrow. "The arrow did not penetrate half a finger, but, as it had poison on it, he gave up his soul to our Lord."

Luckily for most explorers, the main purpose for which the Indians chose their poison was for hunting animals. When "injected" by a curare-tipped arrow, their prey could still be eaten quite safely since the poison is not effective when taken by mouth.

Exactly how this poison works remained a mystery until 1842, when the physiologist Claude Bernard discovered that it has a blocking action on the neuro-transmitters to the muscles, which then relax completely. For the unfortunate recipient of one of these arrows, the respiratory muscles also relax and death soon occurs through asphyxiation.

The secret process for the preparation of curare was not recorded in accurate detail until 1912, when Charles Waterton, a somewhat eccentric naturalist, set out with the avowed intention of obtaining a sample of this deadly poison.

He described how the Indians made curare and noted the inclusion of ants and two snakes, although it was obvious that the main ingredient was a vine.

He also reported an ingenious method of rating its potency. If a monkey hit by a poisoned dart was able to jump no further than the next tree before falling dead, it was "one-tree curare" and a very good brew. If the monkey made it as far as two or even three trees, then it was given the lower rating of "two" or "three-tree curare." (Much to the monkeys' relief, modern chemical methods of assaying curare are far more precise.)

It was not until the completion of experiments conducted by Waterton that curare was seriously considered for medical use. This was finally made possible in 1935 by Dr. Harold King, when he isolated the chief paralysing ingredient of curare. He named it *tubocurarine* after the traditional bamboo tube which the poison was packed in.

This "chemical milestone" meant that the production of curare could be standardised and safely tested.

Eventually, this led to the revolutionary use of the drug in making anaesthesia much safer by permitting lower doses of anaesthetic. And it made abdominal surgery much safer and simpler by rendering the stomach muscles flaccid.

Today, the vine is still collected in the rain forests where the extract is boiled down to a dark, treacly resin. This then makes its way to Peru by mule and light aircraft and, if samples prove satisfactory, it is shipped to this country where the manufacture of tubocurarine chloride is carried out by the pharmaceutical industry.

But the industry has not stopped there. Based on experience with *tubocurarine*, it has developed some new muscle relaxants providing a comprehensive range for today's more advanced surgical techniques.

The modern-day use of these drugs in the operating theatre is the result of the combined efforts of botanists, physiologists, pharmacologists, South American Indians of yesterday, their descendants in Ecuador and Peru and, of course, the pharmaceutical industry.

It is through this kind of international co-operation that the British pharmaceutical industry is able to contribute to world health. And, in turn, to contribute to the financial health of this country.

The industry's exports in 1984 were worth over £1,200 million, giving a net balance of trade of some £680 million. (Projected exports for this year are £1,400 million.)

Were it not for the investment which this industry is able to make in research, these figures would not have been so impressive. And these arrows may never have fallen into the right hands.

If you would like to find out more about the British Pharmaceutical Industry, please write to:
Dr. John Griffin, The ABPI, 12
Whitehall, London SW1A 2DY.



The Association of the British Pharmaceutical Industry.

BY ROBERT THOMSON IN PEKING

CHINA has announced that two to the tune of "east is red," of its rockets, the Long March Two and Long March Three, are ready to compete in the space baulage business for the launch of commercial satellites. It said a test satellite was launched and recovered last

In recent months, China has claimed that it is poised to accept orders for satellite launches. It says it could provide services ranging from rocket manufacture to the recovery of satellites already in

Li Xue, the Minister of Aero-nautics, said yesterday the launch vabicles "shatl enter-international markets since they have reached the mature stage technically." The most recent launch meant that for the seventh time in succession a Long March Two rocket had successfully put a satellite into orbit, be said.

Li, conscious of the problems caused in the insurance indus-try by failed satellite launches, explained that the "Chinese people's insurance company will

UK Ebn

U.S. Sbn

France Ffrbr

song glorifying Chairman Mao Tse-tung, into Juna of that

Since then, about 17 experimental satellites have been launched, and the Long March Three, a three-stage vehicle using liquid propellant, has apparently been perfected in the past two years.

The most recent launch was on Monday, when, according to the Chinese news agency, Xinhua, "a scientific explora-Xinhua, "a scientific explora-tion and technical experimental satellite" was launched from the Jiuquan space centre, in the western province of Gansu. The satetlite was said to have been used to "survey land resources," and returned "to the ground as planned."

Chinese officials have said the country's first fully operational communications satellite will be launched by 1988. In April last year, a trial communications satellite was launched, and has apparently opened "digital telephone" circulits and relayed television programmes.

people's insurance company will provide economic insurance at preferential International prices if a foreign customer requests launching service."

China has pushed its space programme as a symbol of its development. In April 1970, the first experimental satellite distances television programmes.

If China has the sophisticated satellite technology it has consistently claimed to have a important role in the modernisation of its military forces, which have been unable distances. first experimental satellite, distances because of the called "east is red," was country's unreliable communicalaunched, and broadcast music tions network.

july \$5 6,324 6,380 -0,560

74.36 78.10 -- 3.80 june 85

44.70 38,30 +6,49

17,438 29,425

World Economic Indicators

TRADE STATISTICS

76.72 79.33 ~2.61 Aug 85 13.858 10.333 +3.575

44.73 39.60 +5.13

47.58 39.89

+7.69

Steven B. Butler in Seoul reports on the rapid strengthening of commercial ties between the two countries South Koreans taste forbidden fruit of Chinese trade

have dreams about making year, indirect trade between profits in China's buge market. China and South Korea via south Koreans are surely drunk. Hong Kong rose 125 per cent with love. The fruit is all the over 1984, to hit the corressweeter because for South pending period in \$322m, Koreans it is forbidden, only according to Hong Kong governenjoyed in secret, and the ment statistics. The Hong Kong attraction is plainly irresistible. route is believed to account for This year, despite the fact under half of all trade, and

China will become one of South Korea's major trading partners, ranking in a second tier behind Japan and the US, roughly on par with Hong Kong, Germany and the UK.

Major companies in every industry from electronics to construction engineering are mapping out plans to further exploit the market, not just with trade but, when the political environment allows, with long range investments and technical tie-ups in China.

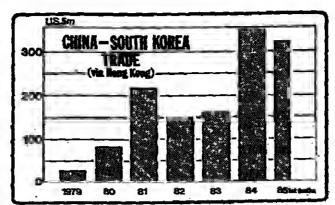
Underneath the glass-topped coffee table of one car industry executive is a map of China, with six provinces outlined in red, marking the source of dozens of inquiries. Construction companies are aching to join in China's infrastructural development, a field in which they have gained much experience at home and in the Middle East.

The trade is weighted heavily in Korea's forcing south Korea via Rong Kong rising by 326 per cent to construction engineering are mouth Korea's first half economic growth to 32 per cent to reach \$222m. In a year when dectining exports slowed Korea's first half economic growth to 32 per cent to reach \$222m. In a year when dectining exports slowed Korea's first half economic growth to 32 per cent to reach \$222m. In a year when dectining exports slowed Korea's first half economic growth to 32 per cent to reach \$222m. In a year when dectining exports slowed Korea's first half economic growth to 32 per cent to construction the political market not just in the story and hold down unemployment.

As of June, China sold to reach \$31.5m of rexth exports and chinese conduct business. In past years, the two sides negotiated, sometimes and \$41.5m of textiles fibres, and \$41.5m of textiles fibres, and \$41.5m of textiles and sicovering that the buyer or selectionic goods, including the source of fabrics, as well as \$67.2m of efficials to discuss business, place orders, determine delivities and reach selectionic goods, including the source of fabrics and chinese conduct business.

Now Korean businessmen protest growth to 32 per cent to company the control fabrics and chinese conduct bu

that direct trade between China some diplomats estimate that and South Korea is illegal, total trada this year could China will become one of South reach \$1.5bn, depending on the Korea's major trading partners, effect of China's foreign



directly between Korean and Chinese ports, and Korean businessmen from all the major trading companies have visited China to explore husiness opportunities.
South Korea recently appointed a new consul-general in Hong Kong, for the first time with the rank of

smbassador.

Still, trading conditions are far from ideal. In order to avoid attracting attention, Koraans deal through small Hong Kong companies, with individual deals in the \$1m to \$10m range — they have little recourse if anything goes

exports. This happened to Korean already The small number of Koreans The small number of Koreans privy to Daewoo's secret joint venture with China are watching keenly to see if Daewoo blazes a trail to stable, expanding business ties. South Koreans clearly remember 1982, when North Korea complaints when North Korea complaints Koreans clearly remember 1932, when North Korea complaints prompted China to cut down severely on imports from South Korea. South Korea's sales through Hong Kong fell from \$145m in 1981 to \$56m in 1983. On May 30, Samsung Corporation, believed to have the biggest slice of the market with some 60 per cent of the electronics trade, ran a large advertisement in the China Daily. It was the first time any South Korean company had successfully purchased adverconviction that at China's level of industrialisation, the Korean level of technology is more appropriate, "says a Korean executive. The idea is that Korea has far more experience finding an economic mix of modern technology and cheap labour, combining automated equipment with manual operations,

Chinese curiosity about Korean economic development shows that they apparently share the same view.

Businessmen also believe that trade with China cannot last because China will try to successfully purchased adver-tising in a Chinese newspaper. The advertisement made no mention of Samsung's nationlocalise production. ality, but the China Daily abruptly cancelled, without explanation, a scheduled second and third run of the advertisement. It is presumed that North Korea raised objections.

"If and when the political and diplomatic environment permits," says the executive, "There will be many Korean companies willing to take the risks of investing in China. China will emerge in the near future es an industrial country. A country like Korea may never be able to compete with China price wise. If you can't beat them, join them." A recent report by the Korea Institute for Economics and Institute for Economics and Technology warned that a marriage of Japanese tech-nology with cheap Chinese labour could eventually under-cut the competitiveness of

Ecuador to display investment openings

representatives are also being capacity of two sugar mills invited.

The Government of right wing President Leon Febres Cordero ls boping to capitalise on Ecue--0.28 dor's good standing with the international financial com-13.312 minity and encourage four main 13.312
12.204
11.105
11.106
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11.108
11 acquisition of technology and access to foreign markets.

Ecuador recently amounced loans. The bulk of the that it intended to seek a are export orientated, \$300m bankers acceptance facility on U.S. and European agreement with that markets to becoming one of the few Latin American countries to return to voluntary borrow-ing. Next month Ecuador is

concentrate on agro-industries, chemicals, mining, metallurgical products and tourism. The govcrament hopes to persuade

THE ECUADORIAN Govern-investors to increase signiment will next month bost a ficantly existing equity invest-conference to interest foreign ment in the fast expanding investors in over 30 projects shrimp farming business with totalling \$370m. The conference, five projects worth \$29m. Also totalling \$370m. The conference, five projects worth \$29m. Also backed by the United Nations in agri-business it plans to find Industrial Development Organisation (Unido) will be mainly ful experiment in African palm geared to U.S. investors but oil in two projects worth \$15m European and the Far Eastern and wants loans for raising

> Of the larger projects in which direct investment is sought the m prominent are a pulp and paper complex costing 394m, a lubricating oil plant for \$133m and an expansion of cement capacity costing \$135m. In most cases the Government is seek-ing technical expertise, training and marketing experience in addition to either equity or loans. The bulk of the projects June 10-12.

- Ecuador recently signed an agreement with the Overseas imposed by the Andean Pact of which Ecuador is a member.

Technical textiles fair planned

MESSE FRANKFURT, the organisation which runs the city's trada centre, is organising a trade fair for technical textiles for next June. Dr Hans-Jurgen Gaida, direc-

tor of textila fairs, said the event would be the first in the world devoted to technical textiles such as those used in motor vehicle production, civil engineering, agriculture and medical uses. . Techtextil would

ment the other two textile fairs promoted by Messe Frankfurt. Interstoff which is concerned with clothing and Heimtextil which deals with household goods such as bed linen, towels

The LPG would come from the Company of the LPG. and curtains.

More than 150 concerns have plant in Anzoatequi state in the indicated they will be at Tech-textil, which will be held from plant in Anzoategui state in the from the m June 10-12.

PETROLEOS de Venezieia (PDVSA) is negotiating a long-term contract with Japanese interests including Marubeni for the sale of liquid petroleum Rather more than half the output is earmarked for internal consumption but Manager 1

Venezuela 'in talks to

sell LPG to Japan'

gas (LPG), according to senior executives of the state-owned hydrocarbons corporation. They declined to discuss tha volume under discussion but it

a day (b/d) of propane could be involved. This is the equivalent of nearly 160,000 tonnes a

BY RICHARD JOHNS IN CARACAS

PETROLEOS de Venezuela

stream at its full-rated capacity of 60,000 b/d or nearly 2m tonnes a year.

consumption but Meneven, the Petroleos da Veneruela affiliate responsible for the plant, estimates that 20,000 b/d of propane and 5,000 b/d of butane will be available for export. The rated capacity of the plant will be 26,000 b/d of propane. 20,000 b/d of isobutane, 12,000 b/d of normal butane and 5,000 b/d of natural gasoline.

 PDVSA has started to operate the Curacao refinery formely owned by Royal Dutch Shell and now being leased by the company. Mr Pablo Riempl, a vice-president of PDVSA, said It will be marketing products from the refinery by the end of

Philippines power group obtains loan

THE Philippines state-owned National Power Corporation has obtained a loan package of Y12.2bn (£36m) from the Export import bank (£ximbank) of Japan and Marubeni Corporation to finance the rehabilitation of two major power plants that provide electricity to Manila.

This is National Power's first international credit since 1983 when the Philippines sought rescheduling of its external debt.

The package consists of a

10-year soft loan of \$14m from Eximbank of Japan and a commercial credit of \$7.5m from Marubeni. The Eximbank loan bears an

interest rate of 7.1 per cent while that of Marubeni carries a rate of 1.5 per cent over the Japanese long term prima rate

TRY ONE before Private Investment Corporation (Opic), the semi-autonomous body that insures U.S. invest-ment in developing countries. you BUY ONE. expected to sign its \$4.5bn multi-year rescheduling from commercial banks. Carphône Britain is among other countries that Ecuador is seeking to sign bilateral investment guarantee South: 01-749 9572 PRAYSHE - Cellinet. North: 0532 623401 Rent a transportable cellular telephone for 5 days @ £60, Retundable against the purchase of any model in our range. Other for limited period only. The investment conference. agreements. This has been accompanied by a liberalisation be held between November 18 and November 21 in Quito, will of investment laws, effectively breaking from the restrictions

Notice of Redemption

Union Pacific Finance N.V. 113/% Guaranteed Bonds due 1988

NOTICE IS HEREBY GIVEN to the holders of the outstanding 11 N. Guaranteed Bonds due 1988 in the aggregate principal amount of Kuwaiti Dinars 7,000.000 (the "Bonds") of Union Pacific Finance N.V. (the "Company") that, pursuant to Condition 5(B) of the Terms and Conditions and Section 3.01(a) of the Indenture dated as of December 1, 1981 between the Company, Union Pacific Corporation, the Guarantor, and Citibank, N.A. (the "Trustee"), the Company elects to redeem all of its outstanding Bonds on December 1, 1985 (the "Redemption Date") at a redemption price equal to 101% of the principal amount thereof plus accrued interest the generation Date.

Date") at a redemption price equal to 101% of the principal amount thereof plus accrued interest thereon to the Redemption Date.

Payments will be made on and after the Redemption Date upon presentation and surrender of Bonds with coupons due December 1, 1986 and subsequent coupons attached in Kuwaiti Dinars, subject to the provisions of Condition 6(e) of the Indenture, either (a) at the office of the Principal Paying Agent, Kuwait International Investment Co. s.a.k. in Kuwait, or (b) at the main effices of Caticorp Bank (Luxembourg) S.A. (formerly Citibank Luxembourg S.A.) in Luxembourg or Citibank. N.A. in Brussels. Payments at the offices above will be made in Kuwaiti Dinars in Kuwait or by transter to a Kuwaiti Dinar account maintained by the payee with a bank in Kuwait or by a Kuwaiti Dinar check drawn on a licensed bank in Kuwait, subject in each case to any tiscal or other Luxes or regulations applicable in Kuwait or in the country of the Paying Agents, as the case may be.

From and after the Redemption Date, the Bonds will no longer be outstanding and interest Coupons due December 1, 1985 abould be detached and presented for payment in the

thereon shall cease to accrue

Unlock the door to business in Indonesia, Malaysia, Thailand, China

these exciting markets. *Plus much much more

(Total value) Company

These are the lastest growing markets in the Among the key areas covered are-

To BATIS International Business Services, Special Publications Department, 160, New Bond Street, London, W1Y 9PA. (Telex: 298942 BATIS G)

Dated: October 28, 1985

Most Western companies are losing out in these lucrative but complex markets because they do not understand how to make the most of the opportunities that exist.

From its vast database of market intelligence

been specifically designed to help you sell in

Please sond me the following (tick appropriate boxes). Cheques should be made payable to Batis Limited.

Charge my American Express Card No.

Please send me a pro forma invoice for \$/\$*

and trade analysis Batis offers the most informative business publications available today. Exhaustively researched these have

__ Lenclose a cheque for £/\$*

Union Pacific Finance N.V. By: Citibank, N.A., Trustee

*Government trading policy

* Future trends

* Plus much much more

* Ministerial and commercial contacts

* Current manufacturing and trading opportunities

* Financing your business - and the use of

THAILAND \$175 \$260 _ MALAYSIA £175 \$260 _ INDONESIA £175 \$260 CHINA £200 \$295

SHIPPING REPORT Freight rates fail to improve

By Andrew Fisher, Shipping Correspond

THE OPTIMISTS, if there are any left in shipping these days, were confounded in the tanker market last week as an initial risa in inquiry failed to show through in higher freight rates. Demand for tonnage remained strong in the Gulf but most inquiry is private and not through the market, so that the level of business done is only discovered later, noted E. A. discovered later, noted E. A. Gibson, the London shipbroker. Around eight VLCCs (very large crude carriers of more that 200,000 deadweight tons) were thought to bave been fixed, leaving about 15 ULCCs (ultra large of over 300,000 dwt) available up to the middle of Monarcher.

of November.
Gibson said that several
Japanese-owned VLCCs were Japanese-owned VLACs Were fixed to Japanese charterers, mostly for forward positions, et Worldscale 31.5 but it is thought Worldscale 34 was paid for a loading in early November for a 230,000 dwt tanker.

The Mediterranean market was active, with West Africa erratic, though some ships obtained work and demand still exists. Inquiry in the Carib-bean was poor. In the North Sea rates were

disappointing, said Galbraith's. The level of business rose, however, and rates could improve in the next week or so.

Italian group wins East African deals By James Buxton in Rome

CMC, THE Italian construction company which functions as a cooperative owned by its employees, bas won two contracts in East Africa.

It is to build two dams at Mazwikadel in Zimbabwe under a contract worth \$16.8m. Tha principal dam will ba 320 metres long and 64 metres high. The cooperativa will also build 105 km of road between Arusha and Dodoma in Tanzania, under a contract worth \$34.2m which it is sharing with the Italian State-owned company

In Singapore where else but the Shangri-La.

A world of tropical tranquility, attentive yet never obtrusive service, warm welcomes and thoughtful touches.

The Shangri-La, not necessarily the most expensive, simply the best.

Come and enjoy the pleasures and comforts of one of the finest hotels in the world at affordable prices.

Shangzi-La International: London (01) 581 4217 • Houg Kong (5) 242 367 • Koala Lumpur (03) 486 536 • USA & Camada (800) 457 5050 • Singapore 737 3644 • • Australia Std free (008) 222 448 • Tokyo (03) 667 7744 Shangri-La Singapore, Shangri-La Kuela Lusspur, Shangri-La Bengkok (Open 1986), Shangri-La Beijing (Open 1987)



A SHANCRILLA INTERNATIONAL HOTEL

To the Holders of KOTOBUKIYA CO., LTD.

U.S.\$25,000,000 7% Convertible Bonds 1996 NOTICE OF BONDHOLDER OPTION TO CALL FOR REDEMPTION

Pursuant to Clause 14(xxi) of the Trust Deed dated March 18, 1981, notice is hereby given that you are entitled pursuant to Condition 6(B) of the Bonds, at your option, to require redemption of your Bond(s) on February 20, 1886 at a price of 123% of the principal amount thereof, together with accrued interest to February 20, 1886.

To exercise such continuous

your Bona (s) on February 20, 1888 at a price of 125% of the principal amount thereof, together with accrued interest to February 20, 1986.

To exercise such option, you must complete, sign and deposit at the specified office of any Paying Agent at your own expense during normal business hours of such Paying Agent on or after November 21, 1985 but prior to December 21, 1985 a notice of redemption in the form obtainable from any Paying Agent, together with your Bond (s) (with all unmatured Conpons appertaining thereto, failing which the amount of any missing unmatured Coupons must be peald in U.S. dollars by you at the time of deposit to the relevant Paying Agent and any amount so paid will be repaid in the manner mentioned in Condition 4 of the Bonds against surrender of the relevant Coupon to the specified office of any of the Paying Agents, at any time following the said payment but not beyond a period of five years after the Relevant Date (as defined in Condition 7 of the Bonds) for the payment of such Coupon). Such notice of redemption shall be irrevocable and shall not be withdrawn without the consent in writing of our Company. The Paying Agent with whom a deposit is made of a notice of redemption and the Bond (s) shall issue to the relevant depositor a non-transferable receipt of deposit ("receipt") in which shall be stated the serial number of such Bond (s). If you exercise your option in accordance herewith, we shall be bound to redeem your Bond (a) on February 20, 1986 upon presentation of the receipt at the specified office of the Paying Agent which issued such receipt or (if its appointment as Paying Agent shall have terminated) at the specified office of the Principal Paying Agent Any Bonds deposited for redemption as aforesaid shall be deemed not to be outstanding for the purposes of, and accordingly not subject to the provisions of Condition 5 (C) and (D) of the Boods.

Notwithstanding the foregoing, the Conversion Right attaching to any Bond which has been deposited for redemption as aforesaid. S

Dated: October 28, 1985

KOTOBUKIYA CO., LTD.

BASE LENDING RATES ABN Bank 111% Hambros Bank 111% Allied Dunbar & Co ... 111% Heritable & Gen. Trust 111% Allied Irish Bank 111% Affil Samuel 5110c.

Allied Irish Bank ... 111
Amarican Express Bk. 114
Henry Ansbacher ... 114
Anno Bank ... 114
Associates Cap. Corp. 12
Bank of Bilbao ... 114
BCCI ... 114
Bank of Ireland ... 114
Bank of Cyprus ... 114
Bank of Cyprus ... 114 Allied Irish Bank 114%
Amarican Express Bk. 114%
Henry Ansbacher 114%
Associates Cap. Corp. 12%
Banc de Bilbao 114%
Bank Hapoalim 114%
BCCI 114%
Bank of Ireland 114%
Bank of Cyprus 114%
Bank of Lindia 114%
Bank of India 114%
Bank of Seotland 114%
Banciays Bank 114%
Beneficial Trust Ltd 124%
Brit. Bank of Mid East 114%
Brown Shipley 114%

Beneficial Trust Ltd. 12 %
Brit. Bank of Mid East 11 %
Brown Shipley 11 %
CL Bank Nederland 11 %
Canada Permanent 11 %
Canada Permanent 11 %
Cayzer Ltd. 11 %
Ceder Holdings 12 %
Choulartons**
Choulartons**
Citibank NA 11 %
Citibank NA 11 %
Citibank Savings 12 %
City Merchants Bank 11 %
Comm. Bk. N. East 11 %
Consolidated Credits 11 %
Consolidated Credits 11 %
Conjugerative Bank 11 %
Cooperative Bank 11 %
Cooperativ

dol intils

THE CHANNEL PROJECT

The French connection: runners and riders

By Andrew Taylor

APPLICATIONS FOR s liceoce to build a privately financed link across the English Channel ment of North Sea oil fields. APPLICATIONS FOR s liceoce to build a privately financed link across the English Channel must be lodged with the British and French governments by this Thursday unless there are some surprise late entries, it looks like being e four borse race. Plans range from a twin bore rail tunnel, a road bridge with 5 km spans, and a road and an electric train, and a road and rail scheme involving an ambi-

rail scieme involving an ambi-tious combination of hridges, tunnels and artifictal islands mid-Channel. Tolls, say the promoters, will be in line with pre-vailing sea ferry charges.

The two governments bope to announce the winner hy mid-January. First, applicants must show they bave complied with a long list of official guidelines on financial, technical, environmental and safety matters.

They must show they have sufficient finance to complete a project which could cost more than 190n, after allowing for inflation and interest charges, depending upon which option

One option would he to choose nobody and let the whole thing lapse. This appears increasingly unlikely given the strong support from both British and French administrations which see a link as a potential vote catcher with crucial elections due shortly

crucial elections due shortly. The financial markets, which bave to raise the cash to pay for the project, are more cautious. Soundings taken in recent weeks suggest that sufficient banks and institutions are willing to attach their names. ing to attach their names to enable the two leading schemes to proceed. But commitments are only provisional.

ns loa

1.7

The real work will come after

Each island will have room for botels and shops as well as a yachting marina—the question of whether duty free shops will be allowed on a link has still to be decided. A third island will be constructed midway to bouse ventilation ducts for the road turnal tunnel.

Cost. The capital cost of the road schema is £3.6bn at 1985 prices and £1.2bn for the rail tunnel. After allowing for in-flation and interest charges the projected requirement for funds rises to £8.5bn and to £9.7bn if allowance is made for possible cost overruns, says Euroroute.

Prometers: An impressive list of British sponsors includes: Trafalgar House, British Telecom, Associated British Ports. GEC, British Steel, British Shipbuilders, Barclays Bank, Kleinwort Benson and John Howard construction

French members of Euro-route include Societé Generale and Bangne Paribas (both

ate rail scheme involving a 38 km twin tracked immersed tube tunnel stretching from coast to coast. This will not be built until after the road scheme is completed say the

route include Société Generale and Banque Paribas (both banks), Alsthom, the shipbuilding, beavy electrical machinery and railway equipment manufacturer, Compagnie Générale d'Electricité (CGE), which is denth of 40 metres below the

The real work will come after January, when a winner is announced and detailed funding negotiations begin. The project could still fail if money promised fails to materialise. So who, if anybody, is the City of London backing to win the race?

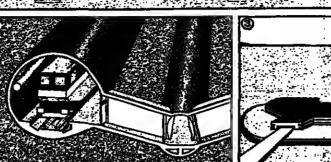
EUROROUTE: One of the two class runners in the competition. It proposes road bridges stretching 8.5km from the English coast, 7km from the French, to artificial islands connected mid-Channel hy a 21km road tunnel.

The island and bridge sections will be prefabricated onshore at shipyards and steelworks in Britain and France.

Positioning and final constructions will be prefabricated onshore at shipyards and steelworks in Britain and France.

English coast, 7km from the French, the shipbuilding heavy electrical machinery proposes twin rail tunnels, connected by a central service tunnel, bored at an everage depth of 40 metres below the scape depth of 40 metres below the sea central service tunnel, bored at an everage depth of 40 metres below the scape depth of 40 metres below th

CROSSING THE CHANNEL: SOME OF THE OPTIONS



road bridge, a rail tunnel and a combination of bridges, tunnels and mid-Channel islands: three of the schemes which the British and French Governments will consider.

Disadvantages: More expensive than its nearest rival, the twin bore rail tunnel. Europoute's more adventurous design and construction is less likely to appeal to conservative bankers, and financial institutions, although the consortium says it received sufficient indications from financial markets that the money will be there to complete the project if it gets the go-ahead.

CHANNEL TURNEL CROUP.

Roll-on roll-off rail terminals at Frethim in northern France and at Cheriton, on 350 acres in south east Kent, will provide toll booths as well as British and French customs, health and immigration factlities to provide one-stop border controls. There will be high and low level platforms to service double-deck shuttle wagons.

The French intend to construct a new high speed rail link between Paris and Brussels with e connection to Frethun,

ployment like Scotland, north ventilation plants at Dover and scheme is estimated at £2.6bn east England and northern Sangatte.

Roll-on roll-off rail terminals

Société Generale d' Entreprises and Spie Batignolles. On the British side the promotera propose that a new international rail passengerterminal, also with its own customs and immigration facilities, should be built at Ashford station.

Approximately 6m direction.

The system is capable of metres of spoil are likely to be produced by the tunnels, of handling trains leaving every five minutes with an average journey time of 30 mins, say the promoters. The tunnels will be used to level the Cheriton site and to reclaim the promoters.

EUROBRIDGE: Proposes a 35 km road bridge with seven 5 km spans. The longest span so far constructed is about 1½ km but Eurobridge says far longer spans are possible by the revolutionary use of auspension cables made of parafit. This is a comment of the construction of the contraction of the contra posite fibre, developed by ICI/ Dupont Fibres, which has the same strength as steel for slightly less than que-sixth the

faster more reliable and regular

service than the sea ferries.

Motorways will run on several levels, 70m above sea level, fully enclosed in a steel and concrete shell. In addition, Europridge plans a single track rail tunnel.

Cost: The road and rail pro-ject is estimated at just under £5bn at 1985 prices. This rise to around £9bn after allowing for inflation and interest.

Promoters: Eurobridge describes itself as a loose con-sortium of designers, consulting engineers, construction and financial interests. Names associated with the project include Brown & Root (UK). ICI Fibres, John Laing and the merchant bank Arbuthnot Latham.

by the promoters. After allowing for inflation and interest charges, costs rise to £4.3bn. CTG is also making allowance for a further £1bo in case of Advantages: A road scheme with far greater capacity to cope with an increase in traffic than Euroroute's bridge and Promoters: In Britain these include construction companies
Balfour Beatty, Costain,
Tarmac, Taylor Woodrow and
Wimpey as well as National,
Westminster and Midland
Banks.

Disadvantages: The cost and technology will dissuede financiers and politicians.

Channel Expressway: A fourth The French side also includes a clutch of major construction companies and banks including Banque Indosuez, Banque emerged in recent weeks. This The French side also includes Banque Indosuez Banque Nationale de Paris, Credit Lyonnais, Bouygues, Dumez, Société Auxilaire d'Entreprises. is understood to involve twin tunnels housing two lane motor-ways and an electric train run-ping on rails embedded in the hard shoulder to the road.

Advantages: CTG's three; rivals all say it is the scheme Sea Containers, which last year acquired the UK arm of Sealink, the ferry company, has most likely to succeed, after their own. Although still regarded with cantion. CTG gets a better response from bankers also been a strong supporter of Flexilink, a group composed largely of ferry companies and Dover Harbour Board which bas strongly opposed the conlogy of bored tunnel is regarded bas strongly opposed the as safer and less likely to prostruction of a fixed link.

than do its divals. The techno-

duce cost overruns than some of the other more amhitious Flexilink is also expected to make e submission to the Trans-Cheriton site and to reclaim land and stabilise sea cliffs under which the tunnel will run.

Cost: The capital cost of the Cos

BOOK NOW Takes the West End by storm" Bookelyrice ALAN JAY LERNER FREDERICK LOEWE JEAN-PIERRE BERYL AUMONT CEOFFREY BURRIDGE Phillips AMANDA JOCELYN HERBERT WARING ANDY PHILLIPS "One of the hottest shows around" CYRIC THEATRE Mon to Fri 7.30 Sats 5 and 8.15. Weds Mats at 3.0 BOX OFFICE AND CREDIT CARD BOOKINGS 01-437 3686/7 01-434 1050 01-434 1550 01-734 5166/7 and all usual ticket agents 24 hour 7 day or bookings on 01-240 7200 NOW BOOKING UNTIL APRIL 1986

Hispano Americano International Limited

. U.S. \$ 100,000,000 **Guaranteed Floating Rate Notes due 1995**

Guaranteed by Banco Hispano Americano, S. A.

In accordance with the provisions of the Notes notice is hereby given that for the six months period from October 24, 1985 to April 24, 1986 the Notes will carry an interest rate of 84/16% per annum with a coupon amount of U.S. \$ 432.88.

Frankfurt/Main, October 1985

COMMERZBANK



How good were the good old days?

The Victorians made a virtue of hard work, and they built well. Their drains (1) and bridges, town halls and railways testify to an age of remarkable enterprise and achievement. But they were also hard times. For many people (2), food was often scarce, and the workhouse never far away.

The young navvy (3), could not expect a life-span much over 40. Even in the large families of the well-to-do (4) many infants would never see a

first birthday. Fortunately, other things were happening in the 1860's which would help remedy such conditions.

In the new field of organic chemistry Phenacetin in 1888 and Aspirin in 1899 were just two of the results of early Bayer pharmaceutical research into the relief of pain and in the fight against sickness.

For the farmer, the battle against plant disease and pests is never ending: selecbeen his invaluable ally since the first synthetic insecticide came from the Bayer laboratories in 1892.

Industry has gained an exciting new generation of materials. Polyurethanes, and high-performance plastics are light

against corrosion, making possible new concepts of design and construction. Many problems remain, but the contribution made by chemical companies like Bayer has ensured that more people will live longer, and enjoy better health, in a lifestyle undreamt of in



in weight, strong as steel, and proof For more information about Bayer and a colour print of this painting, please write to: Dept. A. Bayer UK Limited, Bayer House, Newbury, Berks. RG13 1/A.

Genentech growth drug approved in the U.S.

A drug designed for the treatment of growth retarded children and created by hioengineering technology has been approved by the U.S. Food and Drug Administra-

Food and Drug Administration.

The growth harmone is to
be marketed by Genentech,
the company which developed
it, under the name Protropin.
It is only the second human
pharmacentical to be manufactured by the advanced bloengineering technique known
as recombinant DNA. The
first recombinant human pharmaceutical, insulin, used in
the treatment of diabetics,
was also developed by Genentech.

Between 10,000 and 15,000 children in the U.S. saffer from growth hormone deficiency, according to the Human Growth Foundation.

Mr 'Robert A. Swanson, Genentech chief executive officer, Said: "Genentech's ability to produce literally limitless quantites of theraability to produce interatry limitless quantities of thera-peutically useful proteins such as human growth hormone is a clear example of the major impact that biotechnology will have on health care in the havo on health care in the

years ahead."
He said that products
would be used to treat heart
attacks, haemophilia, cancer and other diseases. Recombinant DNA tech-

Recombinant DNA technology involves the biochemical insertion of human genetic material into bacteria which function as miniature factories, producing large quantities of the protein for which the genetic material codes.

Protropin will be marketed by Genentech under the combelieves it has thus become a fully fledged pharmaceutical company rather than a re-search and development

hy Genentech under the com-pany's own label. Genentech

How digital optics help conjure fantasy pictures to dazzle the TV viewer

Alan Cane reports on a fledgling company which uses advanced video editing equipment to create dramatic visual illusions for television commercials

Nothing else would have helped the viewers to tell tho true from the false. Dramatic progress in the electronic manipulation of television images is making that kind of clarification increasingly important, not so much, perhaps, because the quality of the image has improved (although that is certainly true) but because of the new speed and economy which digital optics has brought to the creative process.

"What used to take two to three days on film can now be carried out in a couple of hours on video." says Mr Steve Dann, joint managing director of Video Tape Recording (VTR), a new, specialist video editing service which features some of the most advanced computerised electronics in the UK.

It is making its name for directors, both used to work for Molinaire. Mr Stone, the principal video editor, is reckned to be among the top half dozen oditors in Europe.

Its smartly decorated offices above a street inhabited by film peopla and advertising executives by day, drunks and derelicts by night, houses almost £2m worth of the most modern video editing equipment. Not

During the Apollo moon shots, broadcasters were careful to make it clear to their viewers when the images they were broadcasting came genuinely from space and when they were studio simulations. Nothing else would have helped the viewers to tell the true from the false.

Dramatic progress in the electory broadcasters were carelatory bodies."

VTR. started up only a few wonths ago with finance from the Bank of Boston, is tiny compared with the giants of the industry like Molinaire, a hig video facilities company with a complete range of equipment for editing videotapes, or the Moving Picture Company which

quality. Mr Boh Parsons and Mr Phil Stone, the technical directors, both used to work for Molinaire. Mr Stone, the principal video editor, is reckoned to the principal video editor, is reckoned to the principal video editor.

electronics in the UK.

It is making its name for work on television commercials, an area which might seem to invite electronic abuse. But Mr Dann, while not complacent, is relaxed about the risks. "It is technically possible, but we are very well chaperoned by the licits by night, houses almost £2m worth of the most modern £2m worth of the most modern wideo editing equipment. Not the most expensive, believes Mr Dann, shile not complacent, is relaxed about the risks. "It is technically possible, but we are very well chaperoned by the

are transferred to videotape, is equipped with a Rank Cintel Mark 111C Digiscan. Here the images are "graded": colour is adjusted to give the best hues, the atmosphere can be altered, the atmosphere can be altered, tho density improved and the sound added. This process alone can give startling results. A simple sequence shot at midday showing, say, the Houses of Parliament and the River Thames in London can be graded so it can appear to have been taken at any time from early morning to the middle of the night.

Video editors prefer to work from film in the first instance; chemical emulsion captures; more information than today's magnetic videotape, giving a richer more detalled imaga that responds well to electronic responds well to

The editing suite at VTR has been customised by Ampex, a U.S. company which invented the videotapa recorder and has been successfully resisting Japanese incursions into its territory ever since.

The suite is equipped with five Ampex VPR 3 videotape machines, claimed to be the most advanced in the world.

Unsolicited testimonials from technicians are rare but Mr Arthur Johnsen of VTR believes he can squeeze more performance out of the VPR 3s than the manufacturer's specification. The secret of these machines is tha speed with which they move several pounds of videotape across the recording heads—up to 500 inches a second.

The bonus for the technician is a new ease and speed of tape editing. The problem for Ampex was finding a safe mechanism to guide the tape and protect it during process-

ing.
The answer, says Mr Joe
Williamson, marketing manager for Ampex International,



lubrication.

Inbrication.
The machines run, in fact, on air. The tapa is held to the transport capstans by a vacuum rather than the conventional pinch rollers while compressed air lubricates the tape and holds it in place during its tor-tuous path through the trans-port mechanism.

A small machine will set an editing studio back \$65,000; a large one \$100,000. The suite is also kitted out

with a Grass Valley 800 mixer, a Chyron caption generator and most significant, an Ampex ADO machine for special

The ADO (it stands for Ampex Digital Optics) is now essential equipment for any company in the special effects business. "ADOing" a

sequence has become standard jargon for the effects which are now becoming commonplace on television. Whole screens complete with people moving and talking, for example, can be made to look as though they are tumbling into space, or a scena can ho made to fragment into several parts, each of which behaves as an independent entity.

UK from Quantel, but Mr Williamson believes it is easy to use and remarkably complete. WTR, meanwhile, is making the most of what Ampex already has to offer. Its clients include North Eastern Gas (simply to turn the image of a price ticket around against a moving background can involve the ADO in lengthy calculadent entity.

dent entity.

The secret of the ADO is massive memory which can recall the relationship between every picture element (pixcel) in every scene and a powerful set of equations which enables the machine to calculate where to place each pixcel in response to the operator's commands.

VTR. meanwhile, is making the most of what Ampex already has to offer. Its clients include North Eastern Gas (simply to turn the image of a price ticket around against a moving background can involve the ADO in lengthy calculations), BUPA and Midas Silencers.

Technically, its prize exhibit is a commercial for a company marketing all-in-one napples. The nappy bounces around and talks to the baby complete with realistic shadows all added electronically.

commands.

Ampex was not the first company to develop such a machino and it has strong competition from the Japanese and in the

correstor John S. Bass and Co. Ud. 061-834 3071 Telex 666736

Easy path to word processing

Easy is the name of a new word processing package from MicroPro International aimed specially at people who know nothing about using computers but want to learn word

puters but want to learn word processing quickly.

The package, which makes its first appearance at title Compet Exhibition on now it London's Olympia, has been designed so the users need learn only three function keys to be able to use all the software's facilities.

The features pan-up menut,

ware's facilities.

It features pop-up ments, context specific help and prompts, and is available on the light prompts are prompts and compatibles. It joins a range of packages which include the widely used WordStar: Easy will sell at \$165.

at £165. Mare from MicroPro on \$1-879 1122.

Nursing aid on computer

ICL says nurses at Northam ton District General Hospita ton District General Hospital.
have reacted enthusiastically
to a recently introduced computerised mursing procedures system which holds information on basic surgical
and medical procedures.

and medical procedures.

Staff tap the information through the ICL Distributed Resource System terminals installed in wards, via the company's Bulletin videotex system and its One Per Besk valce/data workstation.

Sun Life:

Even in an industry brimming with ideas Sun Life's record of innovation stands out. Our new range of unit trusts, for example, isn't just new.

It's uniquely different. In a two-tier approach, we're offering the first-time investor three managed funds - each with pass book, easy withdrawal and a 'loyalty'

While our eight specialist funds, where advice and planning are essential, will be sold only by intermediaries.

It's a typically entrepreneurial approach to what we see as opportunities in today's frenetic financial scene - not problems.

An innovative outlook has spearheaded our tripling of total group funds, in just six years, to over £3 billion in 1984, and our remarkable dividend growth record of over 20% p.a. compound since 1974. In fact, Sun Life was the number one performer in the City Growth League over the decade 1975-1985 (Management Today, August 1985).

Could be one of your better ideas if you found out more about us.



Sun Life: bright ideas, expertly developed

New unit trust range uniquely designed for the first-time, as well as experienced, investor.

New Flexible Transfer Trust for much simpler CTT planning.

T-Plan for 'frozen' pensions.

Flexible Cover Plan, a 'policy for life' with an exceptionally wide range of options.

Flexible Mortgage Plan, with-profits or unitlinked, and now accepted by most major building societies.



For more information about one of Britain's most successful life and pensions offices, contact:-Alan Bell, Sun Life Assurance Society plc, 107 Cheapside, Londoo EC2V 6DU

Amajor force in British Life for 175 years

Scant attention paid to customer

THINK what tends to happen in all businessess including our own — is that what you tend to do is think: Well, we can do this, let's get a product out."

This answer was given by a supplier of automated banking equipment to BIM Research equipment to BIM Research requipment to BIM Research equipment takes account of what equipment takes account of what eustomers like and it seemed to sum up the entire survey.

BJM itself commented, albeit tongue-in-cheek: "Such elegant technical solutions appear to be readily accepted by system personnel in financial institutions (particularly this banks."

The BJM study was essentially small-scale, covering interviews with 12 individuals in four banks and four equipment suppliers, and four equipment suppliers and four equipment suppliers. But BJM argues that it chose her banks are decision makers and their answers were broadly consistent across the sample.

It covering interviews with 12 individuals in four banks and four equipment suppliers, and four equipment suppliers. But BJM argues that it chose her decision makers and their answers were broadly consistent across the sample.

It covering interviews with 12 individuals in four banks and four equipment suppliers, and four equipment suppliers. But BJM argues that it chose her decision makers and their answers were broadly consistent across the sample.

It covering interviews with 12 individuals in four banks, two building societies and four equipment suppliers. But BJM argues that it chose her decision makers and their answers were broadly consistent across the sample.

It covering interviews with 12 individuals in four banks and four equipment suppliers, and four equipment suppliers. But BJM argues that it chose her banks and their answers were broadly consistent across the sample.

It covering interviews with 12 individuals in four banks and four equipment is still conse the drive for new self-service equipment is still coming from technical personnel in suppliers, and four equipment suppliers.

The BJM study was essentially

viewed for the shidy said they conducted research among potential users prior til intro-ducing new machines, although, they experience very real-bene-fits from doing so, according to

Suppliers left all custom Suppliers left all customer-related issues to the banks. The services those machines actually provide are financial services. Now we are not fin-anciers, so the services as far as the customer is concerned are very much the banks' prerogative.

Customer operated Financial Technology Equipment, BJM Research Partners, 1985. 01-

CONSOLIDATED BALANCE SHEET 1984



The General Council of Assicurazioni Generali, presided over by Mr. Enrico Randone, Chairman of the Company, met to approva the Group Balance Sheet for the financial year 1984, as follows:

ASSETS (in thousands of U.S. 8) (*1	1984	1983
	1,760,705	1,592,177
Building and farm property Fixed interest bearing securities	4,215,960	3,587,731
Shares (including Associates)	529,615	457,830
Mortgage and policy loans	408,764	354,679
Deposits with Ceding Companies	269,130	216,509
Bank deposits	385,212	301,335
Accounts receivable and other assets .	1.088,356	931.322
Accounts receivable and said	8.657,742	7.441,583
LIABILITIES (in thousands of U.S. S) (*)		
Shareholders' surplus	944,775	824,076
Provisions for insurance liabilities	6,601,153	5,664,752
Reinsurance deposits	120,731	139,115
Other liabilities	877,394	742,437
Profit of the year	113,689	71,203
	8,657,742	7.441.583

•	(+16.5%) distributed	er fellow	\$ 1	
	Italy Other EEC Countries Rest of Europe Rest of the world	10.1 13.0 4.2 0.7	20.9 27.7 18.0 5.4 72.0	Total 31 40 22 6

	Life to	Non-Life *	Tutal To
italy	23.2	11.0	33.2
Other EEC Countries	•30.0	14.8	44.8
Rest of Europe	9.9	9.1	. 19.0
Rest of the world	0.7	2.3	3.0
	62.8	37.2	100.0
Investment income at	nounis to	U.S. \$ 707.	3 million

Insurance since 1831

Parent Company: Assicurazioni Generali - Head Office in Trieste (Italy)

he hits a com John Davie low linebr Mannherm hong ded expansion

Spiles of Berble Supplies of Berble

A stim appara

to the broads

is the fraction and the fraction of the fracti

beath in 1924 a Butt b milety country on

Financial

Sol

tox harmen of What Ber Un: and o will 1

Sounding out the U.S. with an angel's horn

A WRY SENSE of humour shows itself as Herr Curt Englehorn lifts aside some of the veil from the worldwide activities built around Boehringer Mannheim. the family owned West German pharmaceutical business.

Sales in the U.S. last year amounted to \$243m, which is between 20 and 25 per cent of the consolidated world-wide sales of Boehringer Mannheim and its associated companies, totalling about DM 2.75bm 181.045m A WRY SENSE of humour shows itself as Herr Curt Engle-horn lifts aside some of the veil

ness.

From time to time, he says, he is asked how many people work for him, but he often side. steps an exact answer by reply-ing: "I hope about half of them."

A grin appears, too, as he dis-A grin appears, too, as he dispels the mystery surrounding the origin of the company name Corange, which is cropping up increasingly in the group's affeirs. If you look at this nama closely, he says, you realise it is the French translation of his family name (meaning bis family name (meaning angel's horn), a brainwave he credits to one of his senior

Herr Engelhorn, who is 59, even displays good humour as he lifts a copy of a local newspaper with a banner headline implying that Boehringer is quitting tha proud commercial

John Davies describes how Boehringer Mannheim is streamlining itself for expansion

Irving a

uston

and industrial city of Mannheim, near Heldelberg, for the sunny tax haven of Bermuda. Not

true, he says.

What has just happened is that Herr Engelhorn and other family owners of the long-established group bave brought various shareholdings together ioto a newly formed company called Corange Limited, based

This will bring more clarity into the group's world-wide affairs, Herr Engelhorn says, and so will help prepare the ground for an ambitious drive to expand in the U.S. market. It will be easier, he suggests, to raise funds to finance

(\$1.04bn)

West Germany is still the group's most important single market, but Herr Engelhorn believes the U.S. will become by far its biggest market in a few

At present Boehringer Mann-heim's U.S. activities are basi-cally in diagnostic materials and orthopaedic equipment. But Herr Engelhorn says it has "concrete" plans to enter the pharmaceutical market there by

Boehringer Mannheim is one of the meny family owned West German businesses which preserman businesses which pre-sent a dazzling complexity to the outsider — and often to their own employees — once the vell is lifted just a little. One possible confusion arises because Boehringer Mannhaim has no connection with another,

has no connection with another, larger pharmaceutical company called Boehringer Ingelheim. What's more, there have been no Boehringers associated with Boehringer Mannheim since the Engelhorn family bought them out more than 90 years ago.

Boehringer Mannheim takes fifth place in the West German pharmaceutical market, behind Hoechst. Bayer, Boehringer Ingelhorn and the Swiss-based Ciba-Ceigy. It puts strong emphasis on research, including activities in biotechnology.

One of its best-known pro-

One of its best-known products is Euglncon — for dia-hetica — developed with Hoechst. Unfortunately for both companies, however, the patent rights ran out in 1983 and they were obliged to cut the price drastically as other similar pro-



Curt Engelborn: displays good humour

As a step towards streamling a bolding company called Corange AG was set up in Switzerland several years ago, the structure has become clearer still with the shareholdings more tightly concentrated into Corange Limited, the holding company

Herr Engelhorn sees no dramatic tax advantages from the decision and says that Boehringer ' Mannheim will continua to be a useful source of revenue for the tax authori-ties in both Bonn and Mann-

Until now, Herr Engelhorn has been chief executive of the Mannheim-based core company in the group, but with the restructuring he has handed this job to Dr Karl Maiwald. One of the positions Herr Engelhorn holds now is that of chief executive of the Bermuda Worldwida, Herr Engelhorn

says, the group has about 12,000 people working for it, though he adds, that this figure does not include those in Zaire. Herr Engelhorn sees the Bermuda step as opening up a "new chapter" in the history of Boehringer Mannheim, which traces its origins hack more than 125 years.

ducts came onto the market.

There are about 20 family shareholders in Boehringer Mannhelm, mostly living in West Germany though with international ties. Until now they have had an elaborate crissmetrix of holdings in looks like the angel's horn will be trumpeting a little cross metrix of holdings in looks like the angel's horn will be trumpeting a little cross metrix of holdings in looks like the angel's horn will be trumpeting a little cross metrix of holdings in looks like the angel's horn will be trumpeting a little cross metrix of holdings in looks like the angel's horn will be trumpeting a little cross metrix of holdings in looks like the angel's horn will be trumpeting a little cross metrix of holdings in looks like the angel's horn will be trumpeting a little cross metric and looks like the angel's horn will be trumpeting a little cross metric and looks like the angel's horn will be a little cross metric and looks like the angel's horn will be a little cross metric and looks like the angel's horn will be a little cross metric and looks like the angel's horn will be a little cross metric and looks like the angel's horn will be a little cross metric and looks like the angel's horn will be a little cross metric and looks like the angel's horn will be a little cross metric and looks like the angel's horn will be a little cross metric and looks like the angel's horn will be a little cross metric and looks like the angel's horn will be a little cross metric and looks like the angel's horn will be a looks like the angel's hor

Raid on Minebea breaks with convention

board support, we are quite regulatory authorities.

determined to acquire courtel.

and to this end we are meaning.

to proceed with a formal take-over bld if necessary." Restrained to the point of hlandness, this was how Mr Charles Knapp concluded the offer document which last Friday mede corporate history as the first attempt by a foreigner to acquire a Japanese company.

The offer, valued at \$1.4hn hy Mr Knapp, is unusual in just ebout every concelvabla way. Hostile takeovers are un-heard of in Japan, even between Jepanese word for acquisition also mieans "bribery," and the word for takeover doubles for hi-jeck."

"hi-jeck."
The target, Minebea, is
Japan's largest manufacturer of
precision ball bearings, but has
a reputation as something of an
odd-ball within the country. It
is regarded as one of the most
Westernised of companies, is not
part of one of the existing corporate groupings and is believed
to lack the institutional support
so effective in protecting
languages companies from over-Japanese companies from over-seas takeovers.

If the target caused some oriental eyehrows to be raised, the bidders' names hrought one universal response—who?

The offer document was issued by the partnership comprised of Trafelgar Holdings, a Los Angeles hased finance and investment company, and Glen International a financial services.

International, a financial ser-vices group with offices in Lon-don. Both are the creation of aggressive husinessmen who have in the past had their fair

"I SHOULD point out that, and loan which came close to while it is our preference to collapse last year. Mr Knapp acquire control of Minebea was forced to resign his control

created around Trafalgar Holdings and stayed within the same business sphere - real estate, securities leveraged buy-outs and the like. Mr Knapp has e reputation for a buccaneering style and a willingness to take risks.

Mr Terry Ramsden of Glen International met him a couple of years ago through mutual friends, and immediately recognised a soulmate. Mr Ramsden, by his own account, has devoted 10 of his 33 years to an in-depth analysis of the Japanese corporate sector, and he is supremely self-confident about his acumen in the field.

He used to work for Hedderwick Sterling Grumbar, the London stockhroker that went out of business several years The two men have put to-

gether an offer of some com-plexity, which their critics say is an attempt to hood-wink shareholders but which they regard as evidence of their careful preparation.

ful preparation.

Their attack coocentrates on Minebea's track record of going for growth via the purchase of other companies, which has been mainly financed by the issue of shares with convertible warners. This incidentally, is how they intend to the offer document to the opportunities that Minebear's merger with Trafalgar-Glen merger the transport of the consist of shares with convertible warrants. This, incidentally, is how
the Trafalgar-Glen stake was
the Trafalgar-Glen stake was
the Trafalgar-Glen stake was
would bring. These consist of
thulit np. Mr Ramsdan saw the
warrants' potential and acquired them in the market at
a knock-down price, amassing
to pursue these options, with the
a 23 per cent holding which he
then passed on to Mr Knapp for
Japanese husinessmen."
So far it is not a takeover

share of controversy.

Mr Charles Knapp, tha 51year-old head of Trafalgar, is debt was irresponsible and tile and often d
best known as former head of brought about a dangerously tha Japanese se
Financial Corporation of high gearing ratio. They also incursion into a
America, the large U.S. savings



Mr Terry Ramsden (left) and Mr Charles Knapp; have put together a complex offer

have cut Minehea's profit mar-gin, and that they could do

Frank Kane reports on a foreign takeover bid for a Japanese group

a 23 per cent holding which he then passed on to Mr Knapp for an undisclosed sum.

The parinership says that for Minebea to have built up success in Japan. Opinion such a large amount of foreign there has been universally bosdeht was irresponsible and tile and often dismissive of what the success is a superior of the success in Japan. Opinion there has been universally bosdeht was irresponsible and the success in Japan. tha Japanese see as an unwanted

The two partners have been coupon bonds, they would still called "children" by Mr Takami bave to face the Japaneso Takahashi, tha Minebea president, who has made no secret This will be the real test for better.

Exactly how they intend to dent, who has made no secret of his contempt for the hid. Ramsden and Knapp are in the offer document to the "amateurs," in his opinion, who opportunities that Minebear's have stumbled into Japan with the naive impression that there easy pickings to be had

there. Market opinion in Japan, while less emotional than Mr Takahashi, is united in its opinion that the bid will not succeed. Even if the pair could overcome the large — some say more than 50 per cent — bolding that is understood to he level to the processor. loyal to the present manage-ment, and even if shareholders could be persuaded to exchange their shares for a mix of cash,

This will be the real test for the offer. The official attitude is thet foreign companies are not. at present, wanted in Japan. despite recent trends to liberal-ise commercial practices. It is also this attitude — an air of enlightened selfishness - that

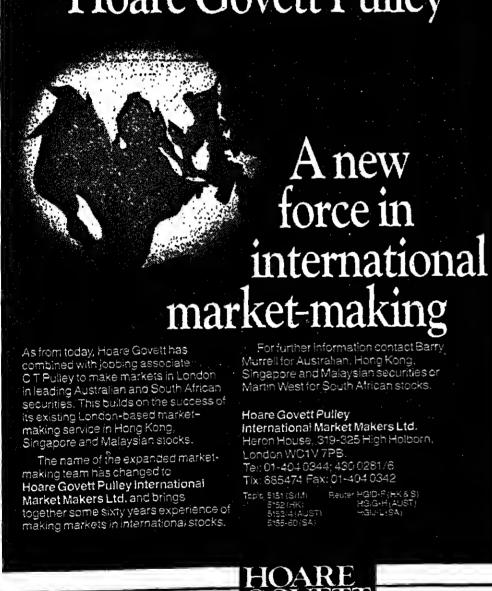
most infuriates the hidders.

If the bid does come to the ignominious end thet most are predicting, it will at least have forced the Japanese to re-appraise their attituda to foreigners, and may hasten the liberalisation of corporate affairs.

And Trafalgat-Glen will have the consolation of being able to sell their large stake at a sub-

f sofware as---

Hoare Govett Pulley

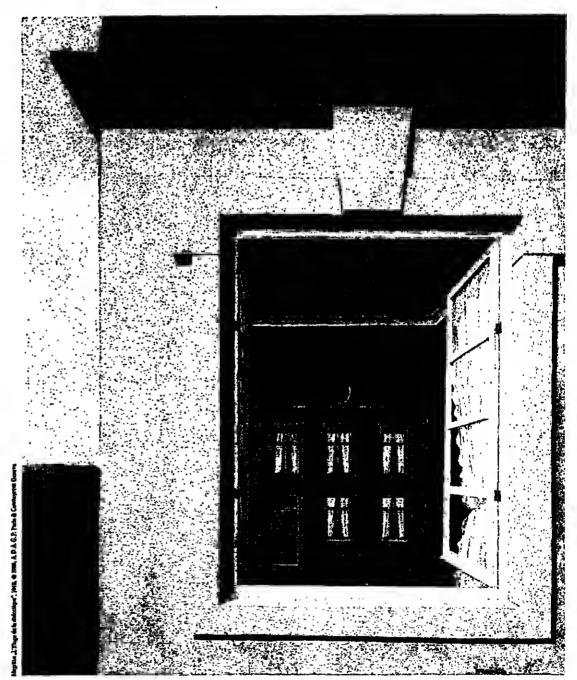


Special Subscription Hand Delivery Service of the

For details of how you can obtain your subscription copy of the Financial Times, personally hand-delivered to your door, contact:

International Press Service, Madrid Tel: (91) 733 95 48 Telex: 44 724

Expect the unexpected from Software AG.



Expect creativity - System Software that's designed to help you, the decision maker, make the best possible use of your time.

Expect flexibility - System Software which provides immediate access to the vital information end users need but doesn't require an interpreter to be understood.

Expect a significant increase in productivity - System Software that can actually reduce programmingtime by as much as 80%. So computer programmers can be as quick as they are smart.

Expect a high return on investment from Software AG. Over 1,500 international businesses already do. Expect more from your software. Contact Software AG of the United Kingdom Limited, Laurie House. 22, Colyear Street, Derby DE1 1LA. Tel. (0332) 37 25 35.

IAN HOWIE, chairman of Merrydown, Britain's fourth largest cider maker, is a con-

trary man.
Still active in the company in which be was co-founder despite being well past 65, Howie gleefully tells how in 1946 when he started to sell cider he priced it 4s 3d (21p) a 75 cl bottle whereas Bulmer the major competitor sold its draught product at 1s 10d (9p)

a quart.
The product sold well.
"People thought at that price
it must be good," says Howie.
Asked if the pricing policy was
the product of some major marketing strategy he quips: "The
potential of the product was
totally unknown and we wanted
to get some of our investment
back quickly."

back quickly."
Similarly in 1956 when the then Chancellor of the Exchequer slapped a duty on cider et 15 per cent proof Howie made bis cider stronger, whereas Showering, the Somerset maker of Babycham at which duty was aimed, reduced set maker of Babycham at which the duty was aimed, reduced its strength. "We decided that if we diluted the product we would simply be a tiddler among the hig boys and there would be no premium for quality." he explains.

This approach was one of the factors bebind the emergence of Sussex-based Merrydown as a producer of premium-priced

a producer of premium-priced bottled ciders and associated products such as the more eso-teric Elderflower Wine. With pre-tax profits topping £1.2m in the year to March 31 1985 (up from £937,000 the year before) and around 3 per cent

within the company that, after many iean years, it cannot believe the success of the past five or six. The still slim manfive or six. The still slim man-agement team is acutely aware that it needs to deepen its expertise and widen the product range; one possibility is health products. The company already manufactures a small range based on its cider vinegar.

Merrydown was set up after the Second World War by Ian Howie and his friend the late Jack Ward, now the company's president. Both were amateur wine makers and took their basic recipes from Peggy Hutch-



ian Howie: needing to branch out furth

Why Merrydown Temains Wary Lisa Wood ou the UK cider maker's outlook the cider." Similarly the company has for some time manufactured vinagars for Sharwoods, the speciality food group, and a range of its own colinary vinegars with products containing garlic and berbs which fall into the "added value" sector of the market. "Some 40 per cent of our vinegar sales are in Scandinavia," says Howie, "and I believe we should bave donbled our UK turnover." His son Robert has recently

ment's duty increase in 1956; tee Corporation. This started a somewhat long drawn-out approach to the market culturnover dropped by tw thirds and profits disappeared. thirds and profits disappeared. Then followed 20 years of the UK cider market in its grasp the business still bas a family-run atmosphere, with investors—it went public on the Unlisted Securities Market in 1981—perceived more as the extended family than anonymous providers of cash.

There is also still a feeling within the company that, after many lean years, it cannot

It was Dennis Healey's first 1975 Budget that transformed the company's future. He increased British wine duty by 103 per cent. In the face of what it saw as an inevitable decline in its apple wine sales Merry-down decided to re-enter the cider market, and introduced a product of less than 8 per cent proof at the premium end of the bottled market. It sold it to

five pubs on June 1, 1975. The re-introduction of vintage

taken up by ICFC and the Trus-

minating in its joining the USM

In 1982 Merrydown's stock In 1982 Merrydown's stock was the best performar on the USM, with a 910 per cent increase. This resulted largely from a stock market re-assessment of its share price against a background of cider becoming fashionable, a good apple bervest and the company achieving a buge leap in profits.

Since then, Merrydown, which has determinedly kept out of the intensely competitive keg and own-label markets, has gone from strength to strength, desand own-label markets, bas gone from strength to strength, despite intense competition from imported Normandy bottled ciders. Money raised by a beavily discounted rights issue in 1983 has been ploughed back into new machinery and continuous and c

into new machinery and equipment leading to an improvement in profit margins.

"We are currently in the ferment of knowing we must grow another leg of the business," says Howie. Cider.

including the company's bottled Vintage and new Country brands, accounts for the bulk of sales and the industry has been hit in the past two years by further increased duty nn the product. ment leading to an improvement

making an acquisition," says Howie. "We have digested a substantial period of expansion in the past five years and that puts e strain on management.

The difficulty is finding the right business." Merrydown, bowever, does have an existing arm to its main cider husiness which the board admits has not been fully exploited. In the mid-1960s Howie read an American doctor's book on Folk Remedies in which cider vinegar in a mix with honey, called Honegar, was extolled as being

the ultimate cure-all.

He secured the rights to market the product and today sales of the book and the special cider vinegar and honey mix are small but steady, particularly in Scandinaviz Howie, who admits to taking a teaspoonful of the mix in a glass of water ever morning, says: "Wa neglected exploiting this market because since 1975 we have bad to concentrate on

His son Robert has recently taken on a new marketing job in the business with sectors such as the health market very firmly on his target list. Sales in the past, he says, were disappointing mainly because of poor distribution but the company is now forging direct links with supermarkets and bealth food shops under the Martlet

label. Health-related products fascinate Howle who currently bas a been in his bonnet about the potential for a carrot-based propotential for a carrot-based product. His investigations have unearthed a wealth of claims about the vegetable. "We are only just scratching the market," says Howie.

Merrydown is also UK agent for Mariacron Brandy and Chantre Brandy Cream Liqueur, both brand leaders in their

both brand leaders in their respective West German markets. In addition in 1984 Merrydown became sole UK agent for the Beauroy range of Vins de Table.

wine makers and took their basic recipes from Peggy Butch-inson's "Home Made Wine Secrets." Sales developed slowly but took off in the early 1950s with profits growing to £116,000 in 1955-56.

However, Howle's hrave in the top end of the market was undermined by the Govern windermined by the Govern winder of shares, a major portion of which was undermined by the Govern winder of shares, a major portion of which was undermined by the Govern winder of shares, a major portion of which was underwined winder of shares, a major portion of which was underwined winder of the popularity of cider the customer". "productivity between the toustomer" productivity seeking to grow. In addition it has started to import its own Calvados from France, a growing sector of the splitts of the customer". "productivity and sales soared. The customers want they want." Under the acustomer "." productivity where the customer "." productivity is that it sees it as a "is the old story — give the customer." "productivity in the customer." productivity and sales soared. The customer "." productivity is didition to go the customer." The customer "." productivity is didition to go the customer. The customer "." productivity is defined in the customer." The customer "." productivity is didition to go to the customer. The customer and enters with ente This importing business is an-

| Training

IBM (sometimes). 3M's elusive balance of loose-ness and tightness can now be

ness and ugitiess can how be viewed at first band in a train-ing film based on the best-selling book "In Search of Excellence." The film features

the book's two authors, Tom Peters and Bob Waterman, but

its stars are seven of their "excellent companies": Disney,

McDonald's, Apple, Dana Cor-poration, 3M, a remarkable Connecticut supermarket, and a

small Californian engineering

company.

The film's behind-the-scenes look at these companies brings vividly to life all eight "attributes of excellence" which the book identified, including "close

The video route to 'excellence'

BY CHRISTOPHER LORENZ



adhesive notepads, a classic 3M adhesive notepads, a classic 3M innovation whose sales bave soared to over \$280m a year, is told in person by Art Fry and Spen Silver, who developed it against strong opposition from the marketing department. And the camera is allowed into a real (not simulated) top executive meeting at which Lewis Lebr and his cohorts subject the champion of a new It is sbut down.

This seemingly ambiguous combination of laxity with tight control produces a flood of innovatious every year—and distinguishes 3M from most other large corporations. Many have tried to match it, but have failed; the right balance is remarkably difficult to achieve, let alone sustain. Only a handful bave succeeded, notably Hewlett-Packard (usually) and IBM (sometimes). subject the champion of a new laser disc project to a ruthless grilling before granting him the \$20m of investment be needs to get into mass production.

to get into mass production.

Presenting the film in Brussels earlier this month at a conference organised by Management Centre Europe, Bob Waterman argued that large American companies were ahead of their European counterparts in practising "antonomy and entrepreneurship" and "tight-loose controls." On other counts, bowever, such as "close to the customer," the Europeans had just as much Europeans had just as much

The ability to practise autonomy and entrepreneur-ship boiled down to one's attitude to making mistakes. Waterman suggested. "One of the characteristics of Silicon

tioners of this attitude to risktaking, said Waterman. Their approach was reinforced by the careful articulation throughout the company of a common vision.

Closeness to the customer — an attribute which 3M also shares — could provide the key to one of the most intractable conundrums of management, claimed Waterman; bow to stimulate internal improve-ment and change without baving to face a major crisis. "Companies that are in touch "Companies that are in touch with the outside world are much more likely to succeed in changing continuously. But most companies spend so much time on internal affairs that there's damn little time to look outside."

As an ideal example of a company which listens to its customers, and is always on the move, Waterman pointed to the example in the film of Stew Leonard's Dairy, a foodstore in Norwalk, Connecticut with weekly sales of \$200,000 a week.

This family-owned concern bas been so successful that it has extended its premises no less than 24 times. Its secret, in Stew Leonard's nwn words,
"is the old story — give the
customers what they want."
Under the maxim of "only

edvice. The Leonard family edvice, The Leonard ramity reacts, and prospers.

The film shows a classic example of Leonard'a technique: the doubling of his store's fish alles by the simple device of adding a fish counter offering personal service, yet selling exactly the same fresh selling exactly the same fresh fish as the packaged counter across the aisle. The idea originated when a customer complained that the packaged fish just didn't look fresh.
For companies in any sort of

For companies in any sort of business, the lesson of Stew Leonard's success is that "customer perception is reality," Waterman told the MCE conference. "Too many companies, especially in engineering, think they know better than the customer." At excellent companies such as IBM, by contrast, "everyone is tied into marketing."

ing."
Commenting on the episoda Commenting on the episoda which opens the film—the obsessive attention which is paid to quality and customer service at Disney World—Waterman said the same approach was used at excellent companies in entirely different fields. IBM had always set itself the target of being "the best service company in the world," while Frito-Lay (e subsidiary of Pepsi Cola which makes potato crisps end pretzels), calls on all its custopretzels), calls on all its custo-mers once a day—even "mom & pop" stores. Its overheads are bigh, but its sales and mar-ket shares are a stronomic.

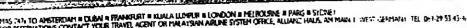
Waterman accepts criticism in Europe that his book over-emphasised some of what he calls tha "hoopla" of employee motivation and customer service In American companies. The important thing, he emphasises, behind the hoop-ia.

Significantly one of the most telling sequences in the U.S. version of the film has been judged unsuitable for consumpjudged unsuitable for consump-tion in Europe. Tom Mehlon, the owner of an engineering johbing shop in Oakland, Cali-fornia, is shown in his charac-teristically revivalist style con-ducting what he calls a "super-parson" ceremony to reward employees for improving quality and productivity. But an interview where he cries with emotion et his commitment to his workforce has been cut.

* Available on video or film for rental or purchase, with accompanying user's guide, from Melrose Film Produc-tions, 8-12 Old Queen Stract. London SW1H 9HP. Tel 01-222

MAS 747 FIRST CLASS. Long stretch on a long stretch. Our 'Easy Sleeper' seats are designed to give maximum comfort on the longest haul. MAS 747 First Class. If you're used to the best on the ground, you expect the best in the air







mas we'll treat you like gold

Tionian Sail S ing battle again the purb to that of Section 4. The C da, almost all be Upho

Financial

Der

the main constant They have a street or more in more street or street or the street of the street of

marid has been to

the steel to be for

the steel and a second in the first formation and a second in the first factor and a second in the

d to make a The the st steady from plant d desire to ga mara in i pert regard to a co people . The the of fire and I are i acun (his. o Pe CHARLE ST. T. L. ed many limits

as carried

trafii" ... "

procession de amin d organ six and the same

the Cart. In 1941 .

the testions McPount C

MAN

.

1

an inexita regions o ^{ide}a it so from the ₂₆₀₁ 011 '!

2300 fee

Dented image in the can market

THE COLLAPSE of the tin market last week may be bad news to producers and exposed traders, but the prospect of significantly lower tin prices will be welcomed warmly by the main consumers of the metal.

SHER CO.

They have watched with frustration in recent years as the produc-ers support for tin prices has made it more difficult for them to sell their tin-based products. Tin consumption in the non-communist world has fallen from 174,000 tonnes in 1970 to 153,000 tonnes last

The largest tin consumer by far is the steel industry, which uses the metal as a coating for sheet which is then formed into food and beverage tins and other containers for consumer products. In 1984, tin-plate accounted for 35 per cent of

Timplate has been fighting a los-ing battle against other materials in the packaging market in recent years. The most striking example is that of beverage cans in the U.S. In 1972, 80 per cent of beverage cans in the U.S. were made of tinplate. Today, almost all beer cans and 87 per cent of soft drink cans are made of

Members of the International Tin Council, the industry's producer-consumer price pact, are expected to spend today preparing the ground for an emergency meeting on the tin crisis. There are signs that they have taken some small steps towards finding extra funds needed to bolster their efforts to maintain tin prices above free market

sumption of timplate fell from 4.5m and 50 per cent of them in Britain tonnes to under 3m tones. are still made of timplate.

It would be wrong to suggest that this reversal has been due entirely to the relatively high price of tin. The increasing pressure for recycling has favoured aluminium, as sides. These subsidies will no longdid the development of thin wall can technology. When a thin tin-plate was developed to compete with aluminium can sheet, it used significantly less tin.
Tin consumption in timplate has

fallen by about 15 per cent in the past five years, according to a study by the London Metals Research Unit of Shearson Lehman Brothers.

The importance of price emerges in the experience in Western Europe where timplate has been much more successful so far at holding off aluminium's advance in the bevercent of soft drink cans are made of age can market. About 90 per cent which trading was suspended on other large consumers, m aluminium. In that period, U.S. conof beverage cans in West Germany the London Metal Exchange (LME) significant stocks of tin,

er be allowed after this year, so tin-plate producers will be grateful for

any reduction in tin prices that

might offset any upward trend in their steel prices. The British Steel Corporation, for

with the £8,140 three month price at

solders, which are used in a wide range of industrial applications in electronics, packaging and automo-bile manufacturing. Unlike timplate, solder is a growth market for tin, particularly in Japan which has a strong electronics industry. Solders now account for about 30 per cent of Aluminium producers grumble world consumption of tin, excluding the Comecon countries.

tonne of timplate made.

The British company Cookson (formerly Lead Industries) is a world leader in solders, and a significant maker of other alloys and compounds using tin, such as pew-ter and paint additives. The compa-ny uses about 10,000 tonnes a year of tin, and operates its own secon-

last Thursday. This would mean a direct saving to BSC of about £5 per

The other main use of tin is in

example, uses 4,000 tonnes of tin a year in its three timplate works in Wales where it makes a total of about 935,000 tonnes of timplate a year. BSC officials suspect that when trading to tin resumes, the but this would be more than offset price will be somewhere in the vicinity of £7,000 a tonne, compared gins it expected on its tin products. gins it expected on its tin products Mr Munro said that Cookson, like

Upheaval threatens Cornish mines

THE FUTURE of the Cornish tin mining industry has been put at risk by the crisis in the international tin market, Stefan Wagstyl

The threat of a collapse in world tin prices has put into jeopardy a steady recovery in mine production in the 1980s, in which the natural resources group Rio Tinto-Zinc has

played a crucial role. There is no danger of immediate closure at any of the three largest tin mines in Cornwall, or of imminent redundancies among the 1,500 people employed in the industry. The threat rather is that a long peried of weak tin prices would once again plunge the industry into de-clining investment, falling output and rising unemployment which has characterised it for much of

Mr Brian Calver, managing director of RTZ's tin mines, said: "If the price falls dramatically still further it could cause me considerable alarm, it would be disastrous for The current resurgence in the could cause the control between the country could survive a short-lived upheaval in the market a sustained fall in prices would be mine, near Redruth, where it hought control last year, RTZ's interest the industry could survive a short-lived upheaval in the market in could cause me considerable. The current resurgence in the could be disastrous for the current resurgence in the could cause me considerable. Mr Brian Calver, managing director of RTZ's tin mines, said: "If the



the Cornish industry."

Cornish mining tin industry dates have totalled some £25m. Geevor Mr Ken Gilbert, managing director of Geevor Tin Mines, the only shut-down Wheal Jane mine from modernising its mine near St Just.

remaining independent Cornish Consolidated Goldfields and remining company (in which RTZ has opened it a year later. It has since a 19.4 per cent stake), said that re-opened Wheal Maid, Wheal

These investments have helpe to raise Cornish tin production from some 3,300 tonnes of metal in concentrates in 1976 to over 5,000 tonnes last year.

The trouble is that this expansion has been carried out while the International Tin Council has been supporting prices at above the free market level. Moreover, in the last two years, the weakness of sterling has helped the Cornish mines against rivals in South East Asia

There is every chance now that the tin price, which was suspended at £8,140 a tonne on the London Me tal Exchange on Thursday, could fall for below the breakeven levels of the Cornish mines. With a breakeven point of about £8,500 a tonne Geevor is already being squeezed according to the company's own fig-ures. RTZ, with a mine breakeven point of between £7,500 and £8,000 a tonne, has a little more breathing space. But even that will be little consolation if prices now fall by the £2,000 a tonne that metal traders



I require worldwide acceptance from my Card. And I get it.



MANNESMANN

Water for Riyadh

Aqueduct 2000

Tapping the oceans to provide an inexhaustible source of water for the arid regions of the Earth is not the fanciful idea it sounds. In Saudi Arabia sea-water from the Gulf is desalinated, purified and sent on a 290-mile journey across the desert through a huge twin pipeline to the capital Riyadh. 2,300 feet above sea level. Up to 30 million cubic feet

per day - enough to meet requirements even when Riyadh's population tops the million mark in the 1990s.

This, the world's largest water supply system, is the work of an international consortium led by Mannesmann Anlagenbau.

mannesmann technology



Minister forced to defer Pit union's social security reform

BY ROBIN PAULEY AND ERIC SHORT

THE WORSENING crisis over the which is examining bids for extra line with inflation. future of Britain's £40bn social se- public spending in 1986-87 and becurity budget, exacerbated by con-troversial demands from the Treasury for a freeze in child benefit until 1989, has forced Mr Norman Fowler, Social Services Secretary, to postpone publication of a White Paper (policy document) detailing savings in the housing benefit which have infuriated backbench public expenditu

The extent of the Government's problems became clear in weekend interviews by both Mr Fowler and Mr Tony Newton, Social Security Minister. Yesterday afternoon thousands of protesters in London budget. He is resisting strongly de-marched in a Trades Union Con-mands for a freeze, but indications gress (TUC) rally against the proposed changes which were de-scribed by Mr Norman Willis, TUC general secretary, as "a charade"

whose primary purpose was cuts. The White Paper was due to be sublished soon after November 8. but this plan has been abandoned and Mr Fowler, speaking in a BBC radio interview, would say only that it was "a fairly safe bet" to say the announcement would be made be-

One cause of delay is the difficulties Mr Fowler is facing in the so-called Star Chamber of ministers in line with other benefits and in with a modification of the scheme.

yond. He is seeking extra resources for the National Health Service, extra funds for social security to pay for the higher than predicted number of unemployed and a withdraw-Tory MPs.

Mr Fowler appears to have se-cured at least a partial victory over housing benefit, but the price may have to be a cut in the child benefit of defeat surfaced for the first time when Mr Newton said yesterday that while child benefit was secure as a universal benefit, the Government had to try to balance the amount which went to all mothers through a proposed new family

Child benefit goes up to £7 a week per child next month, a rise of

Of the £175m saved by not fully uprating the benefit only £25m is being channelled to improve family

income supplement and housing benefit for families with children The rest is a gain to the Exchequer A little noticed part of the current

public expenditure White Paper shows the Government was anyway planning to increase child benefit by less than its projected rises in in-flation in each of the years to 1988. But freezing it at £7 would deliver further savings, over and above those planned, of between £1bn and £1.5bn between now and 1989.

One of the most controversial aspects of the social security reforms proposed by Mr Fowler's Green Paper (discussion document) in June was the phased abolition of against the amount which should the state earnings related pension be allocated to low income families scheme (Serps) which attracted hostile reponses from employers trade unions and the pensions

2.12 per cent instead of the 7 per that he has not made up his mind cent rise to £7.30 which would have yet on whether to go ahead with the

the UDM. There is also concern over the outcome of the pay talks between the breakaway leaders and the National Coal Board. The NUM's policy of refusing to conclude area or pit level incentive agreements is UDM.

left urges

moderate

Scargill to

By John Lloyd, Industrial Editor

coal strike in March to moderate

his policies and style - from mem-bers of the dominant left group in

Ha can expect a challenge in two

forums - the NUM's national execu

tive committee, which meets this morning, and at a special delegate

mineworkers still sacked during or

cerned that Mr Scargill has not

done enough to ensure that the union's £8m funds, now in the

hands of sequestrators, are re-turned to NUM control. Mr Scargill

has refused to recognise the full au-

thority of the court-appointed re-

They also believe that his atti-tude to the breakaway Union of

Democratic Mineworkers (UDM)

will have to change in order to pre-

vent a high loss of membership to

the NUM executive.

after the strike.

. Mr Scargill and Mr Ian MacGregor, the NCB chairman, clashed yesterday over an offer which Mr Scargill said had been made to the NUM. Mr MacGregor accused Mr Scargill of "not telling the truth," while Mr Scargill responded by say-ing that the NCB chairman was

For example, you can control phone costs by

certain types of call-or by keeping an exact record af

You can save time by dialling just 3 digits to reach

combinations for different extensions.

All Mitel Superswitches can be

tailored to meet your company's present

In all, Mitel Superswitches offer more than 160

preventing selected extensions from making

any external number you need to call regularly.

benefits like these-programmable in different

calls made from any extension.

LATA MEETS ON EUROPEAN FARES' STRUCTURE

Airlines to consider four-year trials of 'extra cheap' tickets

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

MR ARTHUR SCARGILL, president of the National Union of Mineworkers (NUM), will today come cheaper air fares in Western Eu- and extremely volatile situation. rope may by carried a stage further this week. under the strongest pressure he has experienced since the end of the

Member-airlines of the International Air Transport Association meeting in Hamburg will be asked to approve a scheme for lower fares that has already been accepted by the association's own governing ex-ecutive committee, and by the independent Association of European Airlines (most of whose members are in the lata anyway).

Broadly, this scheme proposes setting up for an experimental period of four years a system of "fares zones" below current normal economy fares, to permit "discount" and "deep discount" rates. In each zone, a "reference fare" would be fixed, at 80 per cent of the economy rate for ish Caledonian, one of the staurthe discount zone, and 60 per cent chest champions of chesper air for the deep discount zone. chest champions of chesper air fares world-wide, dissociated itself for the deep discount zone.

vary fares up or down by amounts up to 15 per cent on either side of the reference fare in each zone, without interference from govern-ments. In each zone, specific boo-king and other restrictions on such cheaper fares would apply.

At face value, this scheme does go some way towards meeting the growing clamour for cheaper air fares in Western Europe. It has pit level incentive agreements is been designed to meet demands seen as one which could also lead to from the EEC itself for cheaper a further loss of members to the fares, a move which in turn stemmed from both the widening about the situation. "We certainly chorus of consumer complaints don't think these AEA/lata fares stemmed from both the winening chorus of consumer complaints don't think these AEA/Iata Iales chorus of consumer complaints don't think these AEA/Iata Iales about high fares, and the growing proposals go anywhere near far about high fares, and the growing proposals go anywhere near fares and airline competition in Western

> The scheme is thus widely regarded by European airlines outside the UK as a gennine compromise, an attempt to get some con-sensus on the introduction of con-

PLANS FOR a wider spread of trolled competition in a complex long time, confident that in the end our arguments will prevail. But the proposed scheme has al-ready run into some severe criti-EEC to ensure that we eventually get cheaper fares, a more liberal air cism, for not going far enough to meet the demands of those seeking

more radical solutions to the prob-lems of high fares and insufficient to go ahead.

We believe strongly that more competition and cheaper fares mean more business for all the Euliberalisation. It does not come anywhere near the UK Government's own pioneering efforts over recent years to get more liberalisation and cheaper ropean airlines - the agreements we have got so far in Europe prove the point, and we intend to hammer fares through its bilateral agreements with such countries as the it home. We believe that the AEA Netherlands, Belgium, Luxem-bourg, West Germany and to a less-

er extent, France. Moreover, at a meeting in Brus-sels in late September of the Asso-ciation of European Airlines, Britfares is not coming just from the UK, but from other airlines outside Europe, and especially from the

The airlines would be allowed to from the plan, and walked out of British Airways also expressed its dissatisfaction, although it did not go so far as BCal in quitting the Brussels meeting. Nevertheless, BA is known to feel just as strongly as BCal, and would prefer to see the line structure. UK Government's more aggre

methods of bilateral negotiations pursued throughout Europe. Mr Michael Spicer, UK Aviation Minister who has spearheaded the British drive for cheaper fares over the past two years, is in no doubts deep discount zones.

go - which is much cheaper fares and increased liberalisation in Western Europe. We have two lines of action. We can and will continue our individual bilateral discussions with European governments, even if they take a

Secondly, we will work in the

transport policy and a better defini-tion of the competition rules. It could be tough going, but we intend

with its latest proposals is out of touch with the trend of events." Mr Spicer adds that the increase competition and the bid for cheaper

Other criticisms have been just as harsh. Europa, an independent European aviation watchdog body, has declared that the AEA/Ista proposals represent "a strained at-tempt to stubbornly maintain the status quo by papering over the cracks in the current European air-

Europa argues that the fares pro posals are "more or less what exists already", with some of the existing advanced purchase excursion fares available close to the proposed "reference fares" for the discount and

Some part of this row may wash over the lata meeting in Hamburg. But, in any event, behind the fares scheme lie the seeds of an even potentially wider schism in European air transport - just how far airlines in the AEA/lata lobby are prepared to go to ensure that the EEC's competition rules are not as rigidly

Chocolate makers bite into **EEC rules** By Richard Mooney

BRITAIN'S chocolate manufactur ers are worried that changes in EEC rules might force them to adopt the "Euro-taste" of their continental competitors or find new names for their products.

Two sets of rules on chocolate manufacture are applied in the EEC. In the original six member states the term "chocolate" can only be used for products in which cocoa butter is the only lat used.

However, in Britain, Ireland and Denmark up to 5 per cent of other vegetable fats is allowed.

The EEC Commission wants to promote freer trade in chocolate products within the Community and has proposed that the less stringent rules in Britain, Ireland and Denmark should be applied in all member states

However, the proposal has been opposed by some members, notably France and West Germany, and is being blocked in the European

At the annual lunch of the Cocoa Chocolate and Confectionery Al-liance (CCCA) in London at the weekend Mr David Cramb, the CCCA president, said opposition was at government level.

He said the continental confectionery trade favoured less stringent regulation of chocolate ingredients.

Continental governments are in fayour of freer trade in chocolate but they want it to be achieved by the EEC-wide adoption of their own code outlawing noncocoa fats. This would involve British manufacturers in adjusting the recipes, and therefore the tastes, of their products, or sticking to the same recipes and renaming the products.

A West German suggestion for a new name for British-style chocolate translates as "fat glazing" while the Belgians have suggest-ed "cocoa fantasy." Another idea. reputedly from France, is to call v.,

The proposal to adopt the British rules throughout the EEC has been attacked by cocoa produc-ing countries, who fear that it would result in a reduction in demand for their cocoa.

Mr Cramb said that Britain's high level of chocolate sales compared with the rest of Europe indicated that a substantial rise in European sales could be expected if the British recipe was accepted. This rise should be enough to compensate for the lower proportion of cocoa butter involved, he

dan d pista

AL ACT

The preferred substitute for cocoa butter was shea nut oil, which comes mostly from backward areas of West Africa, the world's main cocoa-producing region. British chocolate sales totalled

427,475 tonnes last year, up from 351.760 tonnes in 1980, according to CCCA figures.

Unions press for inner city aid BY JOHN LLOYD AND DAVID THOMAS THE GOVERNMENT and industry ficials and the Confederation of trade unions, argues that the inner will come under strong pressure at British Industry, Britain's employnext week's meeting of the National ers' organisation, makes a strong

Economic Development Council, a plea for a greater commitment by tripartite grouping of trade unions, business to inner cities. employers and the Government to provide more assistance to inner technically concerned with local

A paper from the Trades Union Congress, which has been discussed Birmingham and London. informally at talks between TUC of-

The NEDC discussion, though cities and areas of severe industrial economic initiatives, is likely to centre on the problems of the inner cities in the wake of recent riots in

The TUC paper, unusual for the many times higher.

city problem is too ing to be solved much of the responsibility must fall

The TUC says that, on one estimate, as little as 0.1 per cent of pre-tax profits are spend on urban renewal. Spending by business in the U.S. on urban development is speaking through that plastic bag many times higher.

LESS POUNDS.

The Mitel way to build a better business.

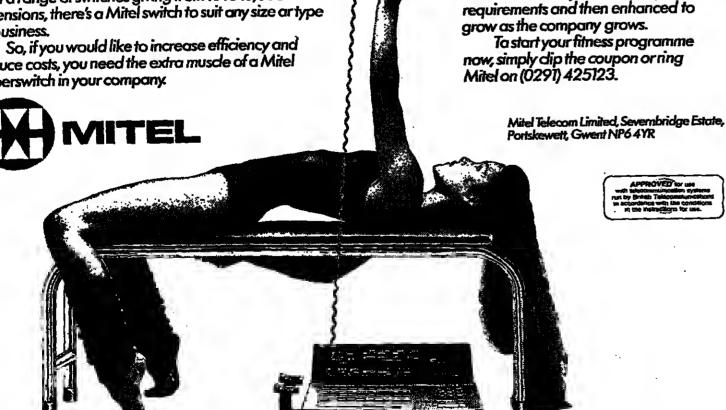
It's tough in today's business world. A business has to be fit to survive. Fitter still if it wants to succeed.

Yet, surprisingly, many companies are still very weak when it comes to telecommunications-still struggling by with tired, ald phone systems that just aren't fit for the job.

Fortunately, Mitel can help any business shape-up to modem living.

Mitel Telecom Superswitches are already in use in more than 60,000 companies in over 70 countries and, with a range of switches giving from 10 to 10,000 extensions, there's a Mitel switch to suit any size ar type

reduce costs, you need the extra musde of a Mitel Superswitch in your company.



Please send me further information on the Mitel Superswitches. Mitel Telecom Limited, Severnbridge Estate, Portskewett, Gwent NP6 4YR. F7 29/10

Mitel. Because a better phone system means a better business.

Townsend takes on Belgian ferry partner BY ANDREW FISHER, SHIPPING CORRESPONDENT TOWNSEND THORESEN, the UK companies recently decided to rede-

cross-Channel ferry company, will ploy their ships on existing router link up next year with the stateowned Belgian operator, Regie
Voor Maritiem Transport (RMT), ships among routes to France, Be which is switching its allegiance gium and Northern Ireland next from Sealink UK, its present spring to cope mainly with rising

From January 1, 1986, RMT's ferry on enlarging four ships.

RMT. spending around

Sailing schedules will be incorpories for the Dover-Calais run.

The routes covered in the new agreement will be Dover to Ostend and Zeebrugge and Felixstowe to Zeebrugge. The UK and Belgian ger and freight facilities and likely to cost £75m in the next five years. Total spending this year will be around £15m.

Townsend said it was switching

freight volumes. Both companie Townsend said it would co-ordi- are also investing in their fleets. nate services with RMT on routes Apart from the proposed new ships, between England and Belgium. Townsend is spending some £30m RMT, spending around £15m on

der the Sealink banner, will sail un-der Townsend colours.

enlarging three of its vessels, did not say why it was switching to the Townsend Thoresen banner. But rated into the 1986 brochure of the size of recent losses is believed Townsend, a subsidiary of Euro-pean Ferries which is shortly ex
Dover, the busiest ferry port in pected to announce orders worth Europe is to start work earlier than some £70m for two or three new fer-

Union power holds up in face of job cuts and recession

BY PHILIP BASSETT, LABOUR CORRESPONDENT

COMPANIES now have marginally is claimed in production and mainmore shop stewards (factory union leaders) than they did before the start of the recession, according to a minorities believe that their unions' forthcoming survey of workplace industrial relations in Britain.

This, and other findings of the survey by Dr Eric Batstone of Nuf-field College, Oxford and others, confounds a number of ingrained preconceptions about the state of British industrial relations and sug-gest that the recession has had a much smaller impact than has been

The study, of 1,000 shop stewards The study, of 1,000 shop stewards from a range of industries and covering both clerical and manual covering both clerical and manual covering is the first of its kind since unions, is the first of its kind since the onset of the recession and is neering, for example – employment likely to be seen by both manage—is now up to half what it was at the ment and unions as an important start of the survey period. indicator of industrial relations practice, thinking and climate.

Dr Baistone's survey looks specifically at how unions have re-sponded to the impact of new tech-nology, but prefaces this with more general industrial relations find-ings. Among them are:

 Shop stewards. The total number of stewards, especially senior and full-time stewards, has fallen less rapidly than employment in manu-facturing, resulting in equivalent size establishments having more now than they had five years ago. Decision-making. In many areas of the economy, but particularly in engineering (production and main-tainance), food and drink, electrical engineering and chemicals, key union decisions on major agreements reached with their employer are still taken at mass meetings, with ballots dominant - and some-times then only marginally - in white collar areas, especially

● Local leadership. In white-collar areas stewards are seen to be leading their members, but the opposite change.

influence has declined over the last five years, very few believe unions have little or no influence at all. Strikes. The majority of private

sector companies experienced no strikes in the 12 months before the survey was taken in October last year, but Dr Batstone describes the rise in public-sector strikes in the survey period as "astronomical." The survey looks at the first five

Normally read, such job losses are supposed to have given considerable power to managements. Dr Batstone's survey is more sceptical.

It finds, for instance, that despite the Government's (deological drive against it, there is little manage-ment opposition to the closed shop (compalsory union membership) where it exists where it exists.

While closed shop coverage va ries considerably - from 88 per cent of chemical plants with a complete closed shop to 41 per cent of engineering establishments with no closed shop at all - there is little real change from the late 1970s.

Variety of coverage extends as well to management style. While relatively few stewards would go so far as to claim that managements have become less tough there is a roughly even division between those who think it has toughened up (most notably, 83 per cent in British Telecom) to those, such as in electrical engineering (56 per cent) and the printing industry (46 per cent) who claim to see no

Perhaps linked to this is the survey's evidence on the continuing role of the shop steward. Portrayals of stewards as circumvented, even marginalised, look on this evidence as though they may be confined to such well-known examples as BL

Since the number of stewards ordinary, senior and full-time - has declined less rapidly than jobs in their plants, there are proportion-ately slightly more of them now. In maintainance engineering, for instance, 20 per cent of all establishtime stewards; in production chemicals, 24 per cent.

What clearly has changed is the pattern of strike action. Dr Bat-stone confirms that strikes have all but died out in the majority of establishments, though even so there were strikes in about a third of all

In the finance sector nearly a third of the sample had undergone a strike of some kind in the previous year, and in white-collar groups in the public sector the rate is even higher more than four in every

Union Structure and Strategy in the Face of Technical Change, by Eric Battone and Stephen Gourlay, with Hugo Levie and Roy Moore Blackwell, Oxford

Tyndail Bank (late of Man) Ltd Kensington Road, Douglas Isle of Man - Tel: 0624 29207 Interest Rates Sterling Money Account 11.00%

Dollar Money Account 6.275%

Architecture

The post-modernistic house that Jencks built

Cherles Jencks, architect and historian, designed his London house as a built version of his theses. In the architectural fraternity Mr Jencks is known as a critic wbo encouraged a definition of the architectural style that followed the modern movement; referred to as postmodernism, it has always been a critical puzzle, a fragmented into a demonstration and the whole according to the support and the support and the whole architects.

In fact, it is not all that the complicated. First it is important to understand that the complicated. First it is important to understand that the complicated. First it is important to understand that the complicated in extra one in the form of an extra one in th Cherles Jencks, architect and a critical puzzle, a fragmented movement that lacks more than a nominal leader. But Jencks has, in his erchitecture and his

has, in his erchitecture and his extensive writings, made the most convincing case for the new movement. The house in London is the apotheosis of his thinking, and its extraordinary achievement is apparent in a lavish book he has produced (Symbolic Architecture by Charles Jencks, Academy Editions, £35).

Imagine a conventional 1840s end-of-terrace house set in a leasty, west London street. These houses were built when there was a shared language of building, a kind of debased classicism that was easily understood by builders, clients and architecture. Jencks is anxious to return to this sort of architecture, an architecture, and architecture, an architecture, an architecture, and architecture and architecture, and architecture architecture, and architecture and architecture, and architecture architecture, and architecture architectur this sort of architecture, an architecture that through its architecture that through its symbolism reflects the common purpose of mankind. He has an irksome habit of inventing jargon and calegorising everything; be talks a lot about "the web of signification," an underlying pattern of meanings that is shared by all civilised people. The trouble is that if a man from the moon, or even from Middlesbrough, was taken into the latest Jencks bouse he would not have the faintest idea what was going on.

The trouble is that if a man from the moon, or even from Middlesbrough, was taken into the latest Jencks bouse he would not have the faintest idea what was going on.

100 A

. ಆಗ ಪ್ರ

27

. 11.12. 2 N 14.55 . . .

Was a

10.35 1,000

tion of theory.

The house has several themes. Jencks asks the important ques-tion: "What is there in this

"paragons of open-mindedness."
These include the Emperor
Hadrian Erasmus and Thomas
Jefferson in conversation with
Hannah Arendt, The pretension

Endellion Quartet/Elizabeth Hall

Command or Promise/Cottesloe

Martin Hoyle

formance develops from silli-ness to confident self-realisation

("Twe been bored for years; I

Compact and trim, Alire gets her divorce and, in Sally Jane from all: Lesley Sharp's Beth Jackson's perfectly judged perconvinces as the foul-mouthed

Quiet and concentration characteristic, reverberant reigned, and were rewarded by string quartet sound. Their date some fine displays of the of composition is surprising—thamber art. The opening item, they seem to belong 40 years Britten's remarkable and still later in the world of the String

and over-calculated. The final David Card play in the trilogy that chronicles the bumpy ride into adulthood and fulfilment of four foothall-loving Saiford girls is ther divorces the divorces the said of the sai

however a treat. The author, Debble Horsfield, is back on

form — true, funny, gutsy and touching — just as the girls,

Paul Driver

Spring has a different air. Three husts of bronze ladies symbolise somewhat heavily early spring, late spring and mid-spring against a wall sprigged with flowers. Shell motifs suggest Primavera and there is an agreeable seat in the large window where the real seasons can be observed.

rail casts wonderful shadows and the painting by Allen Jones of Summer has real spirit. Indian Summer suggests New Delhi in its colours of pink and cream, and the frieze of salad servers is an amusing touch. Autumn is despatched as a general numeroses. general purpose room.

general purpose room.

The solar atair is a beautifully made spiral of 52 steps with seven breaks and a decorative disc representing the months of the year. You look down the well into an Eduardo Paolozzi mosaic of a Black Hole.

The most striking rooms on the npper floors are the architectural library and the main bedroom. In the library the shelving units are themselves the shapes of the architectural.

old English instrument, made by John Lott. The Largo Sostenuto third movement was

convinces as the foul-mouthed tearaway. Tara Shaw as a Thatcherite but vulnerable small

husinesswoman, Both are com-

Indian summer.

The Winter Room has as its focal point a ficeplace designed by Micheel Graves. The colours are sombre and a figurative bust of Hephaestus, spiril of winter, looks from high above the fire at the solld Jencks-designed furniture.

Indian summer.

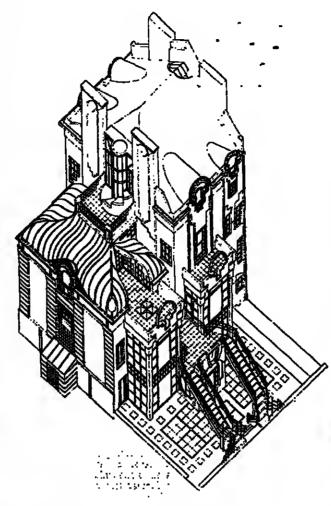
The Winter Room has as its theme of the square, white with a gentle pastel frieze. The Moonwell, a mirrored shaft etched with shapes of the moon, provides a disturbing sense of lost space that catches the moonlight at night.

More of Jenck's design skills can be seen in a display of his can be seen in a display of his symbolic furniture (at Aram Designs, 3 Kean Street, Covent Garden, WC1 from November

Garden, WC1 from November 1 to 22), much of which was designed for this house.

Like all private houses designed by architects for their own use this one is, in its way, obsessive. It sometimes sails right over the top aesthetically and like all post-modernism has yet to relax into a recognition that simplicity and a sense of proportion are often the best paths to perfection. But what is important is that Jen'ks has built a bridge between the frouhled recent past and the future, and although it is a crowded bridge and we may have to squeeze past too many symbols, it oftan soars to great beights of creativity. Now that Mr Jancks is going to practise beights of creativity. Now that Mr Jancks is going to practise as a designer in London he deserves the opportunity to design bouses for others. That will be the real test of the application of a symbolic programme. How many of his clients will bave such fertile imaginations?

Line-drawing view of symbolic obsessiveness



Hallé Orchestra/Barbican Hall

David Murray

The audience was not unduly large for the Endellion String Quartet's concert at the Queen reveal that combination of all concepts that every member of it was interested in following the bart-obar unfolding of each piece of music. Quiet and conceptration quartet proper. They each—its haunting, perfectly expressive "little phrase" is best believed by quartet players, who feel for il what violinists feel for Max Bruch's first concerto. The first movement brought plenty of exposure for the decisive effectiveness which group's excellent viola player, creates the composer's highly characteristic, reverberant old English instrument, made under Stanislaw Skrowaczewski the Hallé Orchestra bas become Symphony is not the only "provincial" orchestra which is
worth going onl of your way
to hear, expecting musicianship
far beyond metropolitan routine,
It is not merely a matter of a
distinguished conductor drilling
bis orchestra to produce exactly
what be wants—except insofar
as what Skrowaczewski wants
is an ensemble in which all
ears are alert to other people's
playing. There is no special air
of virtuosity; but in piano, for
example, the naturalness and
lively polyphonic grare of the
Halle are a rebuke to all that
Londox playing that goes grey
and featureless below mezzaforte.

Not that there is anything
small-scale about their performances: on Friday Bruckner's

as much noise. (While the programme notes assured us that
standard orchestra," no more
classical care for pace—much
more use in early Bruckner
more use in early Bruckner
than a standard orchestra,"
more use in early Bruckner
than permissive affection.
He displayed that earlier, in
Bruckner calls for "no more
classical early for pace—much
more use in early Bruckner
than permissive affection.
He displayed that earlier, in
Bruckner calls for "no more
classical care for pace—much
more use in early Bruckner
than permissive affection.
He displayed that earlier, in
Bruckner
than a standard orchestra,"
bruckner calls for "no more
classical care for pace—much
more use in early Bruckner
than permissive affection.
He displayed that earlier, in
Breethoven's Corolanus Overture, where the solld, contained
tread made an impression from
the start. The musical narrative was kept objective, neither
excited nor excitable but pianly
exciting. For Haydn's D major
cello Concerto, the soloist Lynn
Harrell was allowed to set bis
own amilable lerms, more relaxed made the most
the start. The musical narrative was kept objective, neither
excited nor excitable but pianly
exciting. For Haydn's D major
cello Concerto, the displayed that earlier, in
Brethoven's Corolanus
the displayed that earlier, in
Brethoven's Corolanus
the displayed that earlier, in
Brethoven's relgned, and were rewarded by some fine displays of the chamber art. The opening item, Britten's remarkable and still unfamiliar Three Divertimenti (1936), saw the young players at their peak of prowess, investing the quite complex but such dashing virtuosity and confident insight that it seemed to float feather-like above the platform, unconnected with its material origins in bow, resin and string.

These three movements are no mere arabesques: they have a hnge, contained force and add up to wbal is virtually a relative sound. Their date of composition is surprising—they seem to belong 40 years they seem to belong 40 years searching, tender, and rapt. For the concert's second half the quartet bravely attempted the Gross Fuge for finale instead of the Gross Fuge for finale instead of the composer's authorised one. Few groups are equal to them, along with the rest of this masterpiece or have the medium. (They bave previously structural case of the superadded fugue. The Endellion's account, though insufficiently tough-minded from place to place, survived well, and gave great promise of future ripening they seem to belong 40 years they seem to belong 40 years searching, tender, and rapt.

For the concert's second half the Gross Fuge for finale instead of the Gross Fuge for finale instead of the composer's authorised one. Few groups are equal to the dividence of the evant-garde waywardness of the structural case of the superadded fugue. The Endellion's account, though insufficiently tough-minded from place to place, survived well, and gave great promise of future ripening the quite conserved and up to whalf the rest of the groups are equal to the

It is now quite certain that symphony No 3, an awkward version) rose by confident steps work, bad no less breadth than a standard orchestra which is worth going onl of your way to hear, expecting musicianship ear beyond metropolitan routine.

Symphony No 3, an awkward version) rose by confident steps work, bad no less breadth than to an eloquent peroration. Though he can preside over a feast of unaggressive playing such as we bad in the Adagio, such as we bad in the Adagio, skindle the prospecting musicianship. Skrowaczewski bas an austure than a standard orchestra, chose to use than permissive affection.

Symphony No 3, an awkward version) rose by confident steps to an eloquent peroration. Though he can preside over a feast of unaggressive playing such as we bad in the Adagio, Skrowaczewski bas an austure than a standard orchestra, more use in early Bruckner than permissive affection.

Skrowaczewski chose to use

version) rose by confident steps to an eloquent peroration. Though he can preside over a feast of unaggressive playing such as we bad in the Adagio, like expanded chamber-music, skrowaczewski bas an austure Classical care for pace—much more use in early Bruckner than permissive affection.

He displayed that earlier, in Beethoven's Coriolanus Overture, where the solld, contained tread made an impression from the start. The musical narrative was kept objective, neither excited nor excitable but piainly exciting. For Haydn's D major Cello Concerto, the soloist Lynn Harrell was allowed to set bis own amiable lerms, more retaxed and with an easier spring. His ruminative, resinous timbre added attractive personality to what is fairly inneart mysic

La Traviata/Sadler's Wells

After Red Devils, exhilaratingly glimpsed on the London fringe last year, its sequel, True Dore Kiss, presented as part of the Cottesloe's festival of new plays three weeks ago, seemed self-conscious and over-calculated. The final play in the trilogy that chronicles the humpy ride into the Falkanda only to attempt suicide when he returns blinded. Hairdresser Nita achieves furs, a Capri, anorexia and victimisation in a protection racket that includes murder, before freeing herself from David Cardy's beautifully flashy little Casanova of the pina collada set. The opera season at Sadler's abilities point with obvious figure, who does not even win wells continues with Verdi's La promise to the future, our sympathy with his effective fraviata. This production, an None of them is likely to if somewhat nasal, singing in elegant and generally handsome affair, was well received when it was new and will run alongside Sadler's Wells' operetta counterparts during the next

Its revival is, as yet, stiff at

deliver more than Elizabeth Collier's Violetta. Fragile, dark-haired, fatally attractive, she is a wholly plausible Dumas heroine, who bubbles over with new responses to the opera from ber wilfulness in the first

our sympathy with his effective if somewhat nasal, singing lr his aria. Kim Begley's Alfredt is rertainly still feeling bis way There are odd moments of poor intonation and much of the role passes him by with nothing o'
passion or involvement.
Otherwise the score is well
treated. We do, indeed, get

Its revival is, as yet, stiff at the joints. This was a first night of obvious nervousness, all eyes front on the conductor, into ber first act cabaletia, all eyes front on the conductor, into ber first act cabaletia, all eyes counting with determination towards the next entry. One sensed that the singers were always looking for the right way and moment to make their points without ever quite finding them. But it is a very young cast and their pore is an unusually pompous of the score is well treated. We do, indeed, get more of it than usual, including both verses of Violetta's first act aria and the baritone's second act cabaletia. Barry Wordsworth directs it all with swift tempi and light rhythms, but not many of those traditional moments of rubalo that then Donald Maxwell's Germont to the pere is an unusually pompous with expression.

Arts Guide

Oct 25-31

Music

PARIS Chantal Stigliani, piano: Bach, Beet-hoven, Scariatti, Ravel (Mon). Salle Gavean (563 2030). Japan Philharmonic Orchestra, con-

ducted by Kenichiro Kobayashi, Ikanyo Kamya, piano: Yuzo Tom-sya-Matsura, Mozart, Tchaikovsky (Mon) TMP-Chatélet (233 9000).

LONDON

Yuval Trie: Haydn, Dvořák und Brahma Queen Elizabeth Hall (Mon). (928 3191). iegovia, Barbican Hall (Mon). (6383891). Fistoph Eschenbach and Justus Frantz, pianos. Schubert, Mozart and Brahms. Queen Elizabeth Hall

ITALY

filan, Teatro alla Scala: Prague Philharmonic Choir. Duorak, with the soprano Magdalene Hayossyova and bartione Lajos Miller, conducted by Zdenek Kosler (Wed and Thur), (8091.26).

NETHERLANDS feastricht, Staargebouw. Amsterdam Baroque Orchestra conducted by Ton Koopman. Händel, Bach (Thur).

(213300). Indhoven, Schouwburg. The Franz

Schubert Quartet. Haydn, Zemlin-sky, Beethoven, (Tue). (111122).

Palais des Bezux Arts: Orquesta de Camera Espagnola, with Victor Marin, violin. Boccherini, Leclair, Ordonez, Martinez (Mon); National

Opera Symphony Orchestra conducted by Sylvain Cambreling, with Montserrat Caballe Semiramis by Rossini (Tue); Rafael Orozo, piano. Schubert, Albeniz, Chopin (Wed). (5125045).

NEW YORK

New York Philharmonic (Avery Fisher New York Philiarmenic (Avery Fisher Hail): Riccardo Chailly conducting, Andre Watis piamo. Bussotti, Beet-hoven, Prokofiev (Tue); Riccardo Chailly conducting, Yuzuko Hori-gome violin. Strauss, Mendelssohn, Beethoven (Thur). Lincoln Center (874 2424).

WASHINGTON

National Symphony (Concert Hall):
Rafael Fruehbeck de Burgos conducting, with Elizabeth Enighton soprano, Marta Senn mezzosoprano, and Choral Arts Society of Washington, directed by Norman Scriber. All-Mahler programme (Thur). Kennedy Center (1856110). CHICAGO

Orehestra Hall: Munich Philharmonic, Lorin Maazal conducting. Weber, Hindemith, Brahms (Wed); Chicago Symphony, Klans Tennstedt con-ducting with Kyung Wha Chung, vi-olin. Beethoven, Bruckner (Thur). (4358122) (4358122).

TOKYO Tokyo Philharmonie Orchestra, violin,

Fujikawa. Bruch, Mahler. Tokyo Bunka Kaikan (Mon). (256 9696; 4363373). Staatekanelle Dresden, conducted by

Herbert Blomstadt piano: Michail Plotnev. Beethoven, Bruckner Hito-mi Memorial Hall. Showa Women's College, near Sangenjaya (Wed). (2353021).

Mahagonny/Wexford

Max Loppert

The main operatic pro-gramme of the 34th Wexford uncompromising in its contraramme of the 34th Wexford Festival ia attractive — well chosen and interestingly varied. Two Italian operas—Handel's Ariodante, and Catalan's La lished Wexford categories (more of them in a second piece). The third offering is The Rise ond Fall of The City of Mohogonny, and it has burst with special force on a land where the Weill-Brecht collaborations bave been relatively little explored, and on a festival mainly devoted in the past to what Brecht called "culmary" opera. In fact, for both the newcomer to the work and also its longer wonderful than ever in this theatre, and Simon Joly, knows just how to pace them to extract their full potency ithe maxim that Weill should be played like Mozart is a sound one, as this performance proves). The decision to include the Crane Duet in Act 3 has many honourable precedents, but from so clean-lined a performance it could perhaps have opera. In fact, for both the new-comer to the work and also its longstanding admirer alike, Wexford offers a revelatory

Wexford offers a revelatory experience.

The good things about this performance, and they are many, start with the intimate size of the Theatre Royal (whose limits many more conventionally scored works have tended to abuse) and with the

formance it could perhaps have been removed — the music is

ventionally scored works have tended to abuse), and with the exceptional compactness, accuracy, and fidelity to both book and score of the production devised for it. An absolute rule of simplicity, of economic action and design, seems to have been established in Declan Donnellan's staging and Nick Ormerod's sets and costumes. Nothing soes to waste (a single limited with the limited projects and costumes. Nothing soes to waste (a single limited with the limited words. It is fatty showed already just the right with the limited words. It is fatty showed already just the right with the limited words. costumes. Nothing is in excess, nothing goes to waste (a single swaying lampshade tracing the course of the hurricane is a particularly memorahle example of the chosen style).

And no axe is gound:

Mahagonny is a complex fahle of human greed, human weakness, and its many-layered depths made shallow when didacts or agittorny purveyors. severe throat ailment. A graduate of the New York Met Mohogonny, Sherry Zannoth makes here her European debut depths made shallow when didacts or agitprop purveyors, however well-meaning, lay handa on it. That doesn't happen here. The treatment is late 20th-century in dress and behaviour. observed with a razor wit (whores, Russelpatrons in black lie, and jurymembers give the audience particularly sharp prods). But the universality of the work's themes, and its continuing "relevance."

Mohogonny, Sherry Zannoth makes here her European dehut as Jenny. The voice is warmly vibrant, perhapa at times too much so, but the comhination of hard and soft, of clear-cycd honesty and rueful sophistication, is brilliantly caught. Altogether, I thought this a superbly considered achievement, the most rounded and balanced Mohagonny I've yet seen; in the Wexford annals it will come, I have no doubt, to assume a special importance.

Through the Leaves/Bush

B. A. Young

Martha owns and runs, single-banded bul never on the stage, a butcher's shop specialising in offal. This evidently gives ber a modest bul secure living, and from it she derives a solld sense of freedom. Only in ber sense of freedom. Only in ber lover Otto is the freedom limited. There in the freedom, limited. There is illusory, for she is totally freedom.

nol much, to the shouldy atmosphere, nothing to the plot.

Two other episodes are noted as significant. When Martha's attentions, and it is just at that dog barks outside, Otto takes a strap to it for attracting atten-tion that he thinks belongs 10

timself. And one evening he and Martha go out together to a fancy dress ball at which, uncharacteristically, he pays. Around these two evenls and he two sexual unions are long periods in which Otto is away and Martha records his absence

the freedom limited. There it is illusory, for she is totally under his thumb. Otto is a thug working in a factory is rather a iong time to mainsomewhere, and visits Martha only for sexual congress. We are shown two examples of this, one on the kitchen table, the other, of the oral variety, where be is in a chair and she kneels on the floor. They add a little, fication and delermined hope. Only at one point if it's always. point that the dates in the diary begin to tell us that he has

given up.

The translation into Scols from the German of Franz Kavier Kroetz is by Anthony Vivis. For some reason he has left the talk on the radio and lelevision in German, as if Martha and Otto were exiles in German and Otto were exiles in a foreign land. The direction is in her diary. The entries, which by Jenny Killick, and the spare she reads to us, contain fille kitchen set is by David Leal.

Saleroom/Antony Thorncroft Enamelled debauchery

King Farouk of Egypl had a ings by Arthur Moore ("Light-vell-deserved reputation for ning and Light") and Sir lecadence and he was an Edward Poynter, while uthusiastic collector of erotic Christie's has one of the three saubles. So two watches, made by James Cox in London around

vuild up an exceptional collec-

three limes a year the saleooms offer photographic photographic material, and collectors from the coins was the £95.012 paid in 1983 by an Arab deafer for a Jewisb shekel of AD 66-70.

There is an increasing shortage of the finest material bul Sotbeby's on Friday is offering "The Photographic Alhum for the Year 1855" for around £20.000—as against £4,000 for a similar copy 10 years ago—and an 1839 study of windmilla by Hippolyte Bayard, now considered the equal in innovation of Fox-Taibol and Daguerre, for up to £10.000.

for up to £10.000.

Christie's South Kensington should make the top price on Thursday when a copy of O'Sullivan and Bell's exploratory expedition of the U.S. west of the 100th meridian, in 1871-72, with 50 photographs, is on offer at \$20,000.530,000. is on offer el £20,000-£30,000. Anyone interested Victorian art should visit New

versions of "Coming of age in the olden time" by Frith, along the olden time "hy Frith, along with many equestrian pictures. Sotheby's ended last work on a high note hy selling in Sydney, ache with a '10,000-£15,000 price tag. They ome from the collection of lohn Sheldon, the late owner of the New Bond Street ewellers of Bentley and Combany, who was ideally placed to work the second leges and the New Bond Street ewellers of Bentley and Combany, who was ideally placed to work the 10 scssion sale of the

mild up an exceptional collectorion of jewellery, silver and shjects of virtu. Today, along with the watches, Sotheby's langer and gold boxes. Tomorrow it disposes of fewels.

Three limes a year the salemons offer photographic from the coins was the 10 session sale of the coins, which began in July 1982. In total more than £4.5m was brought in for the executors of Virgil Brand's niece, who inherited a large part of this famous collection: Brand himself died 60 years ago. The top price from the coins was the £95.012 paid was the 10 session sale of the

Touring 'Tosca' in Scotland Scottish Opera Go Round, the

touring company of Scottish Opera, is taking a version of Puccioi's Tosca, with a cast of six, on a tour of 21 towns and villeges throughout Scotland. Sponsored by the Scottish Postal Board, the lour begins on Thursday October 31 and witi las1 eight weeks.

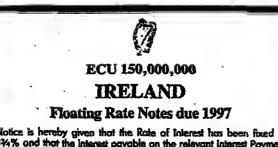
Gwen John exhibition extended

The Gwen John exhibition at

Victorian art should visit New the Barbican Art Gallery has York. On Thursday Sotheby's been extended for one week, is selling seven works by Almand will now finish on is selling seven works by Alma- and will now finish on Tadema, and important paint November 10.







Notice is hereby given that the Rate of Interest has been fixed at 84% and that the Interest payable on the relevant Interest Payment Date, April 28, 1986 against Coupon No. 2 in respect of ECU 10,000 nominal of the Notes will be ECU 442.36.

October 28, 1985, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

October 28, 1985, London By: Chibank, N.A. (CSSI Dept), Agent Bank

CITIBANG

en en de la completa de la completa del completa del completa de la completa del la completa de la completa del la completa de la completa d

CITIBANG

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000 .

Monday October 28 1985

Danger in the short term

THE TIME horizons of equity fund managers are becoming shorter and shorter, with damaging results for the companies of which they are the proprietors. This view is now widely accepted, even among fund managers themselves, and it is well based. Investors are turning over their portfolios much more rapidly than they used to, and companies feel under pressure to produce short term results to win the loyalty of shareholders. The wave of takeover blds, made possible by the fact thet price bas become really the only consideration in

Walker, a senior official at the Bank of England, pointed out in a thoughtful speech last week that pressure from institutional sbareholders has played soma part in sharpening up the effipart in sharpening up the efficiency of British industry. Predators swallow up inefficient managers, and if a company's long-term strategy is not reflected in its stock market price the fault is as likely as not to lie with its management. But taken to extremes, the discipline imposed hy the stock market could become counterbroductive. Takeover hids this year are running at an annual involvement in the business of pear are running at an annual involvement in the business of rate of nerby £8bn, and the intended victim has ratio of spending on acquisitions and mergers to domestic underscored broader public interest issues, including the about 40 per cent, the highest the activity of fund managers is the corporate sector might be the activity of fund managers is the borrowing to finance all likely to become even more sive borrowing to finance all frenetic after the London stock these bids.

Priorities

These trends may already be baving a significant impact on corporate behaviour. They reinforce the attitude that long term planning is a luxury, especially for companies which

the fact thet price has become really the only consideration in a hostila hid, has forced managements of even the higgest companies to keep at least one eye over their shoulders.

This is not all had. Mr David their approach which their approach to the paid to their approach to the paid to the mpanies to keep at least one duce an innovation statement in duce an innovation statement in their annual reports, which would indicate the planned of spending on new level of spending on new products or services which are intended to reach the market in, say, one, three and five years'

exchange moves to negotiated commissions. Transaction costs will fall, and securities firms will be seeking to offset a fall in their profit margins with a central concern of the Bank of rise in the volume of their husiness. banks which it supervises.

The big question is why so many companies prefer to expand by means of acquisition rather than internal development, and why both corporate and portfolio investors in the UK look for short term par-offs especially for companies which feel threatened by takeover. Recognising this, Mr Walker suggested some interesting correctives.

One idea is that institutions should be encouraged to set aside part of their UK equity portfolio in respect of which they would deliberately take a long term view. In practice,

Bank backing for Mr Baker

IT IS LESS than a month since Mr James Baker, tha U.S. Treasury Secretary, presented his pathbreaking proposals on the Third World deht problem in Scoul. Today's meeting of the Institute for International Finance in Washington presents the world's bankers with a major opportunity to give the U.S. Treasury's plan on Third World debt a much needed forward push. It is an impressive grounds. Some banks simply hope to evade any new leading to developing countries. Some think they can extract concessions from national regulatory authorities in exchange for participating in any new debt strategy. Others seem quite unreasonably obsessed with preventing any "leakage" of small lenders who might refuse to lend the dehtor countries new money. the world's bankers with a major opportunity to give the U.S. Treasury's plan on Third World debt a much needed forward push. It is an apportunity they would be wise

In fact, it is suprising that the banks have not done more already to welcome and support the Baker plan. For one of the plan's most striking features in its generosity to the banks in relation to the debtors. (The hanks are being asked to offer a mere 2.5 to 3 per cent annual increase in their loans outstandincrease in their loans outstand-ing—and then only to those debtor countries which perse-vere with adjustment measures. This rate of lending growth is far below the level of around 6 per cent which had been regarded as a realistic minimum regarded as a reasistic minimum until recently by most economists and financial authorities—including the World Bank, the International Monetary Fund and most of the in-house economists employed by the banks themselves.

Consider what Mr Baker is offering in exchange for this minuscule rate of new lending: a major increase in World Bank a major increase in World Bank toans to the main debtozs; e new push for long-term supervision by the IMF and World Bank over the debtors' economic policies; most importantly of all, the reassurance of the US Treasury directly staking its prestige on the success of the whole strategy. This good eventually be furned into could eventually be turned into a stronger guarantee against Third World defaults than the banks and their sharebolders would have dreamt possible a

money.
In these technical areas, the IIF, which is hosting today's meeting in Washington, should certainly be encouraged to play a part. Western governments must also make it clear that they will support the initiative and will loosen the purse strings of their export credit institutions for those countries which co-operate with the plan.

Regulators too could below

Regulators, too, could belp.
In the U.S., for example, there could be more flexibility over the possible eapitalisation of interest payments in certain circumstences. Partial interest capitalisation could at times be a fair and simple way of organising new lending. Alternatively, banks which refused to lend new money to approved Third new money to approved Third World borrowers could be pressed to set aside additional reserves ageinst their axisting exposures. Reserves are sup-posed to be based on the hank's judgment about the ultimate recoverability of its loans; banks unwilling to increase

minor considerations. The main priority must be to keep up the momentum behind the Baker Third World defaults than the banks and their sharebolders would have dreamt possible a few months ogo.

Why, then, do the banks reason would be scepticism about whether the Baker strategy goes far enough. The modest sums of new money Mr Raber has mentioned may be to sight. The bail is now in the bankers' court. They must express wholehearted support for the principles behind the Baker in the bankers' court. They must express wholehearted support for the principles behind the Baker. stratery goes far enough. The modest sums of new money Mr Baker has mentioned may simply not he sufficient to relieve the dehtors interest burdens and to entice them into longer-term adjustment programmes. This fear could certainly prove justified if interest rates begin to rise.

Infortunately many banks in the bankers' court. They must express wholehearted support for the principles behind the Baker plan and make it clear that substantial new lending will be evailable, under that right conditions. They can say this individuelly, or through their national trade associations or through the IIF, at an international level. But the time has interest rates begin to rise.

Unfortunetely, many banks remain lukewerm on rather less loud and clear,

BRITISH TEACHERS' PAY ACTION

Marks that may not wear off

By David Brindle, Labour Staff

NLY ONE of the past five terms in state schools in England and Wales has been free of disruptive action by teachers over pay. If you include the first walk-outs on the last day of the spring term, 1984, then the strike-free count is one term in six.

The teachers' action has been hlamed for everything from poor examination results and growing indiscipline among the young to the declining standard of British rugby union football. Perhaps. It is, however, increasingly apparent that the current disputes (a separate current disputes (a separate campaign is being waged in Scotland) are damaging the UK education system. And the fear is that much of the damage

will never he made good.

Mr Michael Pipes, headmaster of a large Portsmouth compre-hensive school and chairman of the education committee of the National Association of Head Teachers, says starkly: "We shall not be able to rebuild schools as they were known before these disputes. They will be something different: much more fuctional, much more utilitarian, much more-if I may say so-philistine."

A bleak and, some would counter, over-pessimistic vision It is, nevertheless, a vision which reflects the growing desperation of educationists at the fundamental and seemingly unbreakable deadlock over

teachers pay.

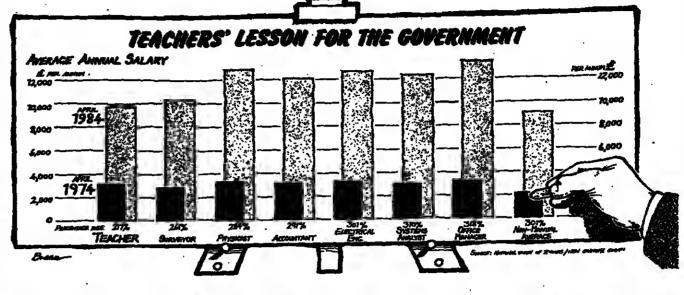
Admittedly, an end to the immediate dispute in England and Wales, may be on the horizon. Present speculation

The extra-curricular activities are now off the timetable

points to a settlement being forced by the smaller teachers' unions in the nick of time to save the school carol concerts. But if so, the peace and good-will is unlikely to last.

For the teachers have huilt up an awesome head of steam over their pay grievances and are not going to be appeased for long by an interim deal of 6.9 per cent, plus a blt, just as their peace was bought for only one term by the last settlement, at arbitration, of 5.1 per cent.

One of the few concrete effects is the decision in Scotland to postpone further introduction of the Standard grade examinations, replacing Ordinary level, because of the boycott of curriculum development by teachers backing the 15-month-old campaign for an indepen-



dent pay review. Parallel int Parallel introduction in England and Wales of the General Certificate of Secondary Education is still on course for next September, according to the Education Department, although postponement looks inevitable if the curriculum development boycott is sus-tained into 1986.

Not that such a contingency would cause much distress. Parents are clearly far more concerned thet strikes are concerned thet strikes are regularly depriving their children of a full week's schooling. And educationists, for their part, are more anxious about the less tangible impact of the curriculum development boycott and the strict work-to-

As Mr Pipes, head of the 1,200-pupil City of Portsmouth Boys School, puts it: "It's just as though somebody has lifted the lid off my school and all the professional ethos is evaporating. That's irreversible."

Schools have atways been reliant on extensive unpaid overtime worked by teachers. Quite apart from preparation of lessons, marking, staff meetlessons, marking, staff meetings, parents' evenings and lunchtime supervision, there are chores which are integral to the rounded education provided by the UK system: sport, clubs, trips, field courses, drama and concerts. Yet in many—though by no means all—schools, these extra-curricular activities have been off the timetable for months past as teachers make their point. (Ask any theatre or coach hire company.)

company.)
Further — and this particu-To those outside the school to a "more philistine," as well gates, the precise nature of this damage is hard to identify. One of the few concrete effects is the decision in Scotland to postpore further introduction. hy silencing the staffroom debete.

Some heads think this will be put right — eventually, Mr David Kershaw, of the 1,650-pupil Coundon Court compre-hensive in Coventry, believes

most teachers are still funda-mentally torn hetween loyalty to their unions and loyalty to their pupils. Once the pay issue is settled, the professionalism will return.

"I think the service will be bruised, I think it will he damaged," Mr Kershaw says.
"But because teachers are caring people, it will bounce back. I am not saying how long it will take. I think it will take the corrections and I do not take some time and I do not think it will be easy."

Others are not so sanguine.

Many teachers, it is argued, are
daily feeling less guilty about
the scratched bockey match,
the cancelled school play, the
lunchtime "lock-out" of unsupervised pupils; they are
enjoying going bome to their
families regularly at a nm. families regularly at 4 pm.

Mr Fred Forrester, organising secretary of the Educational Institute of Scotland, the main Scottish teachers' union, said last week that one of the com-monest themes of letters from members was that any settlemembers was that any settlement of their dispute should rule out a return to curriculum development work. 'This cride coeur is frequently backed up by the statement that, for the first time in five or more years, the writer is enjoying a normal social and family line."

There was, he concluded, now very angry: I have never known anything like it. Schools that have been quietly getting on with the job for years are voting nearly 100 per cent for strike action."

Why should this be? What has turned Britain's teachers into the hard-nosed militants of Government demonology? What

Million Pupils England: 45 Maintained

Schools

a real danger of "permanent has transformed their unions, impoverishment of educational once seen as the chocolate sol-

In one sense, indeed, the Gov-ernment has already conceded that things will never be the same again by offering to pro-vide funds for lunchtime supervision payments—accepting that voluntary midday duty will not be satisfactorily revived when the disruption ends.

Moreover, there are signs that Moreover, there are signs that teachers feel they have broken a taboo: that disruptive action, far from being beyond the pale, is now an acceptable and effective form of protest. For example, it seems unlikely that the unprecedented strikes hymembers of five teaching unions in Manchester over the so-called in Manchester over the so-called graffiti row at Poundswick High School, Wythenshawe, would have occurred before the pay disputes began, Wa can expect more of tha same.

diers of the Trades Union Con-gress, into the front-line troops, leading the public sector pay fight where others fear to tread and accorded standing ovations at the TUC's September con-

Mr Ted Wragg, professor of education at Exeter University, says: "Almost every teacher is very angry: I have never known

PRIMARY

ference? True, as ministers are wont

to point out, disruption comes relatively cheap. The daily boy-cott of non-contract duties can cause turmoil in schools, but loses the teacher no pay. On the other hand, the National Union of Teachers now has the confidence to call strikes with-out offering dispute benefit (full pay was reimbursed at the start of the dispute) and is winning 79 per cent ballot majorities. The pay dispute (a claimed \$4 per cent erosion in compar-ability terms since the salary levels set by the Houghton inquiry in 1974) is not the principal reason for the teachers' anger. Other public sector groups, such as civil servants and bealth workers, have similar grievances but are loath to fight.

loath to fight.

The essential difference—and the main impetus for action hy teachers—is their anxiety over worsening career prospects. This is a result of the fluctuating birth rate of the past 20 years and the consequent sharp decline in pupil numbers since the late 1970s.

As Professor Wragg points out, the teaching force doubled in size during the expansionist years of the 1960s and 1970s, As a result, 60 per cent of teachers will be aged over 40 by 1990. Contraction has, however, already made its impact in the primary school sector and

by 1990. Contraction has, however, already made its impact tresses Association, responded: in the primary school sector and this year marks the start of a steep decline in pupil numbers in secondary schools. Result: congestion in the promotion queue at just the time when promotion of the contractions of the contractions. when promotion opportunities

class peers make progress in yet get.

other careers. A battered six-year-old Ford Escort may pass muster in the school car park, but pales beside the neighbour's shiny company Sierra; the camping holiday in Devon can be edmitted to in the staffroom, but is an embarrassment elsebut is an embarrassment else-

So the teachers have drawn the line. And their determination has been formidable. It is a remarkable achievement that the unions have moved the Government to offer funds for hunching payments, and to unchtime payments, and to make evailable what it presents as a total £1.25bn for salary restructuring for the period 1986-90 in England and Wales. They can also claim to hava forced the employers' offer up from a "final" 4 per cent to an "absolutely final" 6.9 per cent. They are as buoyant as the employers are demoralised and divided.

Nevertheless, a halt may soon

he called. Sir Kelth Joseph, the Education Secretary, is a spected Education Secretary, is a specied next month to rejig the union side of the Burnham statutory pay hargaining committee in accordance with revised membership figures, depriving the hard-line NUT of its majority and faciliteting a settlement by the smaller unions which accept that the employers can give that the employers can give

Much will depend on the will-ingness of the smaller unions to shoulder the responsibility.

They are buoyant but the employers are demoralised

All the signs are that the NUT All the signs are that the Not. is already preparing to castigate them for "selling out." And their nagging doubt must be that the slur will stick in the volatile and never-ending union recruitment war in schools.
With this in mind, the unions

will withdraw from the field only to regroup, to draw np their 1986 pay claim (already pending) and to impress upon the Government that, while salary restructuring must he achieved and promotion blockages eased, £1.25bn over four years—at most £450m a year on a pay hill of £4.3hn—is not enough to do the trick.

In a recent exchange in the relumns of the Times Educa-

In a recent exchange in the columns of the Times Educational Supplement, Sir Keith said of the unions' aims of restoring Houghton pay levels: "The pursuit of some long-goue relativity cannot succeed." Significantly, Mr Peter Smith, deputy general secretary of the Assistant Masters and Mistroscop Association responded.

dominance of negotiations, the certainty of peace in Britain's Thus 61 per cent of the 414,000 primary and secondary teachers in England and Wales are stuck on the lower two pay scales, earning no more than 69,597 a year, as their middle-

Eser opens the

throttles The annual meeting of the 140-member International Air member International Air Transport Association starting today in Hamburg will be a testing time for the new director-general, Gunter Eser, who succeeded the long-serving Knut Hammarskjold last year. Eser, a blunt, extrovert per-sonality, comea to IATA after

30 years in marketing and com-mercial posts with Lufthansa, the West German airline. Already he is carving a jet-stream through the organisa-Ha has brought a marked change of style from his diplomatically-orientated predeces-sor. His first annual report is

sor. His first annual report is more clearly written, with less diplomatic language than the Hammarskjold style.

Eser is at one with his predecessor in seeing that the need to restrain the regulatory amhitions of governments will be a major area of concern for the world's airlines as consumer pressures for change (and for cheaper fares) continue to grow. The change most likely to



Men and Matters

pean-U.S. axis. They are show-ing impatience with some of the more indefensible old habits, such as banning aircraft makers

such as banning aircraft makers from direct participation in LATA meetings.

Under Eser that practice does seem to be on the way out. The hig companies—Boeing, Airbus, British Aerospace—are cheerfully and openly hosting dinners and receptions for all delegates at Hamburg.

City rights

A new guild of world traders, set up in the City of London, will be petitioning the Lord Mayor and his court of aldermen for some modern rights.

The guild wants to become a full City livery company along-side the ancient livery com-panies such as the Goldsmiths,

panies such as the Goldsmiths, the Fishmongers, and others.

Master of the world traders is Peter Drew, chairman of the company that manages the World Trade Centre by St Katherine's Dock, and director of Taylor Woodrow which developed the site.

The senior warden is Sir Peter Gadsden, a former Lord Mayor of London. His deputy is Lord Bellwin, a former Conservative junior minister, and leader of Leeds city council.

Paying Lazard's fee will go against everything in Vallance's gritty financial make-up. During the creation of the ICH group over the past three years he has pulled off 21 successful corporate acquisitions without once paying a penny in merchant banking fees. Ha reckons he has saved his group several millions in Britain and the U.S. by handling the work bimself. Vallance is the prototype for a financial wbizz-kid. He left school in London's East End et 16, learned about taxation tha

The first motion to be put to the guild was for arranging a banquet. The mover got no support at all. Peter Drew says "We felt that if we are to be a worthwhile guild we shouldn't be looking for privileges for ourselves, but for what we can do for the City of London."

16, learned about taxation that hard way working for one of the clearers. By the ripe old age of 31 be was an established financial expert and the youngest manager of Courtaulds.

How did he close so many successful aconscision.

London, a trading centre for

dominate his career is that proving strength of the developing world in IATA's activities. Most members are now from outside the old Western European-U.S. axis. They are showing impatience with some of the more indefensible old habits, such are a hanning aircraft makers.

Inearly 2,000 years, should never have had a guild of traders.

However, he should be worned that things move slowly in traditional City circles. It could be another 10 years before the new guild sucheves the granting of City.

Solo trader

If everyone operated like Ron Vallance, aged 37, financial director of money brokers Internationat City Boldings (ICH), a high proportion of the City of London's expert advisers would have to seek other

would have to seek other occupations.
When ICH comes to market this week for a full London stock Exchange listing—a market capitalisation of some 290m is being forecast—Vallance and Lazard, the merchant bank adoling on the licting home to advising on the listing, bope to be able to congratulate each other on a job well done. Paying Lazard's fee will go

school in London's East End et 16, learned about taxation tha

Drew said it was odd that says, "I investigate the vendor very carefully. You must look

for what they want out of the deal and try to give them so e-thing near to it. Really it is more psychology than accountancy."

Stage business

From next year the National Theatre may be mounting such new productions as the NatWest Threepenny Opera, the Commercial Union King Learperhaps the P. & O. Showboat.

After years of hesitating whether or not to embrace commercial sponsors Sir Peter Hall, director, has bowed to that times and bld them welcome to his South Bank play centre. He has presented members of the Association for the Business Sponsorship of the Arts with a

Sponsorship of the Arts with a shopping list of opportunities which could add more than £1m which could add more than Elm to the hard-pressed National's coffers.

For the first time productions at the main theatres, the Olivier and the Lyttleton, are to be available to sponsors—with a starting price of about \$100,000.

A season of place of the

£100,000.

A season of plays at the smaller Cottesloe theatre is on offer at £200,000 (or £40,000 a production).

In the past Sir Peter has been cautious of sponsors. He has been concerned that money from business could be used as an excuse by government to an excuse by government to cut his subsidy. And he is losthe to commercialise the National. National.

But needs must when the Treasury devil drives.

Belfast Blues

Overheard in a Belfast pub last week where an Ulsterman was talking to a visiting American

"It's all right for you, you have Reagan, Boh Hope, Johnny Cash and Stevie Wonder, while we have Paisley, no hope, no cash, and it's no bloody wonder."

Observer



do Vielila

THE original theory behind the European Community was that economic integration was e collective necessity and would deliver collective benefits to all the member states: everywareness the member states; experience would creete the appetite for for more. During an eerly phase, this theory seemed to work; but the stagnation of the past decade has proved it seriously deficient.

In June, it enjoyed a short emotional revival, when seven member atates decided to launch a new InterGovern-mental Conference (IGC) to revise the Rome Treaty and propol the Community at top speed towards the millennium. Four months leter, most integrationist enthusiasm bas evaporated, and the IGC is heading for a very uncertain outcome. It seems the theory flops again. Why?

Why?
It may be that the founding fathers over-estimated the locomotive force of collective end mutual self-interest. In particular, they may have under-rated (because it was contrary to their philosophy) the need for politicel leadership.

It was contrary to their

It was contrary to their philosophy, hecause the idea of leadership implies one or more leaders: this was meant to be a collective enterprise. In practice, leadership has always been critical, and it has mainly been provided by France, sometimes for good, sometimes for ill. And it is arguable that the real reason for the stagnation of the Community is the profound and historic conflict between Britain and France over this question of leadership. In which case, the future development of France will have a ment of Europe will hang on the evolution of attitudes in the two countries towards each

The distinction, between objective and subjective factors, is of course quite artificial: the one interacts with the other. But to focus exclusively on cal-culations of collective interests is to risk under-rating the mood factor. And I just wonder whether, behind the netionalistic facades, we may not be witnessing a subtle but significant evolution of Franco-British

Under the objective rubric, there is a plethora of factors, internal and external, political and economic, technological and military, which ought to be pushiog the Ten down the in-tegrationist road.

Do these objective pressures European enterprise, for good elicit a robust reaffirmation of or ill, has been obvious from the European imperative? No. Last week's meeting of the ten foreign ministers seems to have ruled out any commitment, bow-ever bypocritical, to a Europe without frontiers; and the French cootemptuously lashed the Italians for wasting every-

Foreign Affairs

Why we need an entente un peu plus cordiale

By Ian Davidson



bow far they will get by the next Euro-summit in five weeks' time. A modest, uninspiring but worthwhila package of reforms ought to be attainable; but if they go on drifting, there is a danger of another rush of another to be attained. emotion to the head, another futile and destructive little drama. On the other hand, it is not too early to say that the nationalist reflex is still alive

nationalist reflex is still alive end well, despite the objective pressures to grow np. In which case, what weight can we ascribe to an evolution in Franco-British stititudes — if there is such an evolution?

I was talking the other day to a British bureaucrat about the IGC, and he was deploying the unrealistic Euro-idealism of the Benelux countries. "In the the Benelux countries. "In the

France's decisive role, for good or ill

end, they must know that they will have to settle for whatever France is prepared to settle

France's decisive role in the the very beginning. For just as long it has been contested by the British, who frequently toyed with the idea of alternative alliances to out-manoenvre the French: with Germany, with the Benelux countries, with

that Britain, too, should settle for anything France will settle for — especially now that France seems to have scaled down its Euro-rhetoric.

The question is prompted in part by a three-day Franco-British seminar on defence issues, bosted by the government-sponsored Franco-British Council in Lyon, which I attended a week ago. For the main surprise, to me, was the amiability of our dehates.

After de Gaulle took France out of Nato in 1966, her defence policy became e taboo subject, too hot to he discussed. The French gloried in their new self-confidence; the British grimly reiterated their commitment to the Alliance, and privately poured vitriolic scorn on France's parasitic "independence." The French military secretly cultivated co-operation in the Alliance but political secretly cultivated co-operation in the Alliance, but political dialogue on defence was impos-

began to voice the resentments that they had bitten back for the previous 15 years.

Two years ago, I was at another conference on Europe; when the subject of defence came up, the French were attacked by the Germans and the Italians for wasting everybody's time with wild, quasi.

If France's plvotal position is
federalist proposals for
strengthening the European
Parliament.

It is still too early to predict

It is still too early to predict

Italy.

It is maitonal independence is all ment to the defence of Europe.
One of last week's French participants speculated that the
evolution in British ettitudes.
The French chairman, an declaratory policy in this direction.

one, was visibly shaken; he had never, he said, been addressed in such bitter terms.

This same psycho-drama was egain pleyed out a year later, at an Anglo-French defence seminar: the British accused the French accused the British of being bed Europeans. The case for more Anglo-French, and more European, security cooperation is unanswerable; but the option seemed to he foreclosed by psychological hang.

Perhaps longer time-scales are et work as well. Ganllism was spawned in reaction to the abject humillation of the college humillation of the college. The control of the college humillation of the college humillation. The new generations now acquiring influence in their 40s may feel less need to compensate for something was spawned in reaction to the abject humillation of the college.

Europeans and the college humillation of the college humillation. The new experience prompted an opposite but equally contradictory posture—military integration in Europe, hut political and economic isolation. The new generations now acquiring influence in the college humillation of the college humillatio being bad Europeans. The case conomic isolation for more Anglo-French, and more European, security cooperation is unanswerable; but the option seemed to he foreclosed by psychological hangupa, and by French obsession with the Paris-Bonn axis.

Last week's meeting was very different. In place of recriminations of the property of the

different. In place of recrimina-tions, there was an evideot desire to emphasise common interests and overlapping policies. One Briton remarked that behind different rhetorical postifies, the real nuclear weapons policies of the two coun-tries were rether close. The French generally seemed anxious to stress alliance

The taboo began to recede after President Mitterrand instituted defence talks with Germany. The Germans responded with enthusiasm; but an important by-product was that France's neighbours and alless to sires alliance solidarity over national independence, and one argued forcefully that the new Force d'Action Rapide was expressly designed to enable France to fulfil its Nsto obligations. It may be that the lifting of

It may be that the lifting of the taboo has bad a cathartic impect on the French, who have been shocked to bear so many me truths. At all events, the past year has seen a noticeable shift by all the big French political parties, apart from the Communists, away from the old the Dutch, among others. In firstion on national sanctuary sum, they said: "Your policy of and towards a greater commitmational independence is all ment to the defence of Europe. Very well; but if the balloon One of last week's French par-

The Eoropean idea has a lot further to go in Britain than in France, but it is clear that the mid-life elite in Britain is much more European than its predecessors. Just as important, their French counterparts are beginning to know it.

Conversely, the French are baving to recognise that there baving to recognise that there

Perhaps longer time-scales are at work

can be no reconciliation between military isolation and politico-economic solidarity in Europe, and that the Franco-German axis does not offer a way out of this dilemma. If the opening of franco-German defence discus-sions is forcing France to re-appraise its defence doctrine, both real and declaratory, the logical corollary is a reappraisal logical corollary is a reappraisal of defence relations with France's other main European ally and nuclear power; Britain.

Helmut Schmidt, the former German Chancellor, would disagree. In his forthcoming book, A Grand Strategy for the West,

be puts all his faith in the Franço-German relationship, and dismisses the British as

and dismisses the British as incurably non-European.

"I bave come to think that the British are not really prepared to cast their lot with the rest of the European nations.

... Almost no woman or man in office in Whitebell, thinks that the Atlantic Ocean ... is hroader than the Channel."

He may well bave been right 15 years ago, and even today, there remain large enclaves of primitivism in Britain (as in France). But as e general indement on British attitudes. Schmidt's formulation is out of date; there has been a substandate; there has been a substan-tial evolution in the past few years, and I could see it at last

But are the key people chang-ing their views? The trouble with political leadership is that it can only be exercised by political leaders, and they may have the wrong reflexes and

nostalgic supporters.

Last week, a Frenchman with eome history agreed that there had been real movement in had been real movement in British elite attitudes.

"except at the very top"; and in the run-up to his party's probable defeat next spring, Francois Mitterrand may be tempted to npstage everybody with some unhelpful coup de theatre. The combinetion, at next month's Anglo-French summit, could be distinctly counter-produtive.

Still, if more people were to recognise that the key to Britain's relationship with Europe lies in France, that would be progress. And the French? Ab... But they bave more ghosts to exorcise, and they are still working out their German problem.

Lombard

Taking Labour seriously

By Peter Riddell

Left are, for once, in agreement with the City establishment. They both believe that the Labour leadership's economic strategy will fail. For Mr Benn and hia allies the Kinnock/Hattersley epproach of

kinnock/Hattersley epproach of a national investment bank and an understanding with the unions is mere tinkering and is insufficiently socialist and radical, hence it will be brushed aside by the forces of Interoational capital. For the City, whether Young or Old Turks, the strategy of repatriation of exported capital and reflation exported capital and reflation is unworkable and will have to be substantially modified in response to the pressures of events, and of merkets.

Both groups draw comparisons with whet bappened in the 1974-76 period with the International Monetary Fund cast. national Monetary Fund cast, respectively, as agent of be-trayal or enlighlenment. Yet both views, while comforting to the predispositions of their holders, ignore crucial political differences. The Labour leadershio is approaching the late 1980s and early 1990s awere of the leaves the deserge for the lessons to be drewn from the 1970s, not with a desire to

the 1970s, not with a desire to repeet that seering experience. When Labour was in opposition in the early 1970s the initiative had lain with left. Mr Benn and his allies were able to win support for a radical programme of public ownership and intervention. This prompted the famous Harold Wilson remark about nationalising Marks & Spencer to make it as efficient as the Co-od. But It as efficient as the Co-op. But inspite of reservations, the leadership was weak, prefer-ring to ignore party conference decisions rather than to foce up

to them. In office after 1974 the leedership was eager to water down these pledges. For instance, Mr Benn was replaced as Industry Secretary in mid-1975 by Mr Eric Vsrley and the proposals for planning agreements and a National Enterprise Board were introduced in a much less radical way than originally envisaged. These modifications reflected the centre/right leadership's views and occurred before the 1976 sterling crisis and the arrival of the IMF, which changed little.

The main difference now is that the initiative lies with the centre-right in the Labour

MR TONY BENN and the berd Party, not the berd-left. It is no longer e maller of party leaders watering down radical ideas. They are originating them. The proposals for a national investment bank and for increasing taxes on the welloff have come from Mr Roy Hattersley, not from a Bennite sub-committee. Similarly, the sub-committee. Similarly, the argument that the Government should intervene directly and extensively to secure the re-vival of manufacturing indus-try has come from that epitome of Scottish respectability, Mr

of Scottish respectability, Mr John Smith.

None of this necessarily makes Lahour's epproach more workable, or acceptable to many in the City or industry. But the ideas have not heen put forward lightly or half-heartedly with the private intention of ditching them later. Labour'a current programme is, for better or worse, the product of lengthy discussions and is meant to be the core of what a Labour government would do in office. Both the hard Left and City opinion are wrong to believe that current proposals will

that current proposals will quickly be diluted as Labour's 1972-73 programme was.

There is the parallel error of trying to pick and choose in of trying to pick and choose in Labour's programme. Some items, such as Labour's rethinking of public ownership, are praised, while others, such as the national investment bank, are damned. Both points may be valid but the programme has to be considered as a whole, not piecemeal in relation to some non-political standerds. Like it or not, Labour's economic and industrial programme should be industrial programme should be taken seriously.

To some extent this is already happening. Mr Roy Hattersley's recent speeches have resulted in a large number of inquiries from the City and from industry as well as many invitations. Atr Hettersley's call on Friday for regular talks with the Confederation of British Industry, while obviously in large part an ettempt to outflank the Government, also reflects Labour's desire to show its commitment to manufacturing. The CBI has been predictably cautious, not wanting further to alienate ministers, but the CBI might consider issuing e last-minute invitation to Mr Hattersley and to the Alliance leaders to dis-cuss their industrial ideas at its

Institutional shareholders

From the Monaging Director. Prudential Portfolio Managers Sir,-Your leading article of Sir.—Your leading article of October 21 suggested that institutional shareholders are insufficiently demanding in obtaining management changes in poorly run companies. When action is taken by institutional shareholders to promote boardroom changes this is not normelly publicised. The reason for this is plain. The sensitive and often prolonged discussions with management are made infinitely more difficult by the spotlight of publicity. If judgements such as that made in your leading article are to be made by reference to those

ments such as that made in your leading article are to be made by reference to those cescs where management changes have been accompanied by publicity, then you are indeed building a structure on the filmsiest of foundations. Your further suggestion that the diffusion of share ownership would lead to more effective action against poorly maneged companies is not credible. There is no evidence I am aware of to show that sharebolder inspired management changes were more frequently and effectively conducted in say, the 1960's when the ownership of above was much less concentrated.

The strengthening of underperforming managements is only e small part of the activities which concern responsible institutional shareholders. Over many years the various investment protection committees have ensured that a better balance has been struck between the demands of the boards of companies and that of shareholders. I wonder to what extent some of the excesses of the merger and acquisition scene in the United Stetes owes itself to the ebsence of the co-ordinated shareholder groups which are a feature of the UK?

I. W. Findlay.

142. Holborn Bars, J. W. Findlay. 142, Holborn Bars, EC1.

Monetarist

From Mr D. Fair

Sir,—Thank heavens the Chancellor is abandoning the cosmetic temptations of monetarist fashlon. There can hardly have been a more extraordinary sight in this period of England's takeover of commercial hank lending to preserve an appearance of monetary respectionally. In the five years from 1980 when bank borrowing by UK industrial and commercial companies rose by £7.75bn the Bank of England'e holdings of UK commercial bills, etc., rose by £10bn. The banks seem not to have complained at this poaching. Perhaps we should

Letters to the Editor

Now that we shall have a clearer basis for judging the underlying trend in the money supply the authorities should be better able to find acceptance for changes in the pace of monetary growth attributable to new influences (such as the attractions of the high real rates of interest on deposits), without stoking fears that, monetary restraint has been loosened.

Don Fair. (Adviser, City University Business School) 6, Pembroke Villus, W8.

Overseas

post

Prom the Director of Public Ralations,
The Post Office
Sir.—Mr Michael Corby's coments (October 19) on overseas postal prices are highly selective. The facts are that there are no increases for the majority of overseas services—including letters and aerogrammes.

It is true that the Post Office is increasing charges for a number of heavily loss-making overseas services (such as surface printed papers, newspapers and small packets) which are currently being subsidised by other users of the overseas post.

post.

These services, which represent only one fifth of overseas letter revenue, will still be subsidised after the increases. Alan Feinstein. 33. Grosvenor Place, SW1.

Display units and radiation

From the Head, Physics Department, National Radiological

deduce from this that it bad not been without cost to the taxpayer.

Now that we shall have a clearer basis for judging the underlying trend in the money supply the authorities should be better able to find acceptance for changes in the pace of the radiation emissions that the radiation emissions the radiation emissions that the radiation emiss have been measured are invari-ahly of order of magnitude beahly of order of magnitude below both the levels permissible
by applicable standards and the
levels at which any harmful
effects are judged to be possible
where there are no such
standards. No desk-top VDU
examined by NRPB has demonstrated emission of X-rays
which are detectable against the
natural background radiation
levels found in normal office
environments. In order to assess
the effectiveness of the screens
submitted for testing it was
necessary to use an X-ray set.
The implication in your
article that VDUs emit X-rays
which require attenuation to

which require attenuation to schieve safe levels may unnecessarily alarm people and has no basis in fact. (Dr) A. F. McKinlay, Chilton, Didcot, Ozon.

Index-linked mortgages

Sir,—Clive Wolman (October 24) was correct in saying that it was Nationwide Building Society which first issued indexlinked mortgages. He was quite wrong bowever, in saying that our efforts have been "plagued by legal difficulties."

The society's friendly High Court test case with the Chief Registrar of Friendly Societies paved the way for Nationwide to commence indexed lending in July 1983. Since that time we have been operating various schemes successfully throughout the country, the society having committed over £21m for such loans.

These funds have been used primarily for housing essociation developments incinding the provision of sheltered housing for the elderly, shared-ownership schemes and our novel "first atep" scheme under which only 50 per cent of the loan is indexed, thus ensuring both cost savings and equilty retention for the first-time both cost savings and equity retention for the first-time buyers to whom we lend.

Defence ministry management

From Admiral Sir Lindsay Bryson

Sir. - You reported my inaugural address to the Institution of Electrical Engineers (October 4) and the report drew comment from Captain John Moore, RN, in this column on October 19. The impression given by your report, and emphasised by Captain Moore, is that my address was largely a criticism of Ministry of Defence procurement policy. Certainly there was criticism within it. but the address of about one hour was essentially a historic survey of Neval procurement in three areas and while relating, mostly with the benefit of hindsight, where things had gone wrong also described what had been done to put them right. Unfortunately thet aspect of my address has not come through, and it may be my fault for not emphasising this positive side strongly enough.

side strongly enough.

Naval procurement has changed substantially and for the better in the past decade and many of the changes were initiated by my predecessors. I would wish to acknowledge the value of their contribution. If there are still imperfections, and in any large organisation there must be, then I must accept my share of responsibility. But many of the criticisms I voiced have already been widely accepted, and by and large measures to correct them have been introduced or are in the pipeline.

In peace-time, I believe

In peace-time, I believe strongly that adequate research must precede development and that those best qualified to carry out research programmes carry out research programmes are not usually as well qualified to manage engineering development. Equally, I am convinced that development and production should be closely associated, and ease (and cheapness) of production should be a driving force during the development stage.

ment stage.

At all times defence research is best managed by the Ministry of Defence research establishments using Universities, industry and their own laboratories. In wartime, as confirmed by recent experience in the south Atlantic, the urgency of the requirements will force us to use research establishments to manage and sometimes to carry out development and prototype out development and prototype production in areas where there is a lack of immediate industrial capability or know-how. We must always bear this in mind when tailoring the activities of the research establishment to match the peace-time require-

ment. (Sir) Lindsay Bryson. 74 Dyke Road Avenue.

and the state of the control of the property o

This announcement appears as a matter of record only.



WH SMITH & SON LIMITED

Guaranteed by

WH SMITH & SON (HOLDINGS) PLC

£60,000,000 **Revolving Credit Facility** with Associated Tender Panel for £80,000,000

Arranged by **BARING BROTHERS & CO., LIMITED**

Managed by

Bank of America NT & SA Baring Brothers & Co., Limited

Bank of America NT & SA

Chemical Bank

Banque Belge Limited

Barclays Bank PLC

Baring Brothers & Co., Limited

The Sumitomo Bank, Limited

Algemene Bank Nederland N.V.

Central Trustee Savings Bank Limited

Credit du Nord, London Branch

Grindley Brandts Limited .

Lloyds Merchant Bank Limited

The Sumitomo Bank, Limited

The Mitsui Bank, Limited

Commerzbank Aktiengesellschaft, London Branch

Deutsche Bank Aktiengesellschaft, London Branch

Barclays Bank PLC Lloyds Bank Plc

Underwriting Banks

Lloyds Bank Plc

Central Trustee Savings Bank Limited Commerzbank Aktiengesellschaft, London Branch Swiss Bank Corporation

Tender Panel Members

Bank of America NT & SA Banque Paribas (London) Baring Brothers & Co., Limited Chemical Bank Credit Commercial de France, London Branch **Credit Suisse** The Fuji Bank, Limited Kleinwort, Benson Limited The Mitsubishi Bank, Limited The Sanwa Bank, Limited Swiss Bank Corporation:

Barclays Bank PLC

Union Bank of Switzerland

Tender Panel Agent **Baring Brothers & Co., Limited**

FINANCIAL TIMES

Monday October 28 1985



Terry Byland on Wall Street

Strength returns to giants

THE performance on Wall Street stock markets of the large U.S. conerate companies underlines the shift in the investment status of these former giants of the American scene. The past two months has seen a continuing slide in stock prices in many of the major names with Amfac, Lear Siegler, Litton, and Rockwell, all featuring in the

But a wider view, measuring the conglomerates against the rest of the market for the year, indicates that there have been some surpris-

A check list of 17 of the largest companies usually classed as con-glomerates in view of the range of their manufacturing and other in-terests, shows a gain of 15.8 per cent in stock prices since January 1 compared with 12 per cent for the

Dow Jones industrial average.
This wide variation in performance between the short and the medium-term is repeated in terms of particular stocks. Some, like Gulf & Western with a 50 per cent plus nump in the stock price this year have comfortably out-performed, while others like United Technolo-gies are well behind the rest of the

Conglomerate stocks are no longer traded as a sector but are increasingly influenced by specula tive prospects for earnings, together with takeover or expansion moves by individual companies.

Stock in Litton Industries has weakened significantly since the board first warned that Wall Street earnings estimates were far too high. But the damage to the stock price has been restrained by the constant bid rumours.

The stock is still within 10 per cent of its 52-week high. Although on a strict trading basis, the earnings ratio of 12 would be hard to de-fend against the 11 times on the

Standard & Poor's 500 index. Wall Street does not expect any strong recovery in Litton's profits until early in fiscal 1986 - which does not begin until August. Meanwhile, the company has a huge cash position, created by stock repurchases, which can be viewed either as a springboard for an acquisition round or as an added attraction for

Similar arguments apply to TTT. whose stock price remains close to its 12-month peak, and has left the S & P stocks far behind since the turn of the year. Earnings are still sluggish as ITT has struggled with extremely competitive technology and aerospace markets. Profits are nnt expected to turn higher before the end of next year, and the current earnings ratio leans heavily on

recurrent hid speculation. Perhaps significantly for the share price, these speculative hopes may be waning because of the board's vow to resist predators and its successful divestiture programme which will soon have brought in more than \$1.5bn. Lacking speculative supporters, the stock price could find it difficult to

continue autpacing the market. But Gulf & Western, bumping at n new 52-week high on the plan to buy back 12m shares, seems set fair for further success on Wall Street as investors seek out the prospects for the huge pile of cash, boosted now by the \$1bn from the deal with Wickes.

fiscal 1985 has little significance for the stock price, since the board, as well as the entire brokerage community, has dubbed 1985 as Gulf's

transiting year. The stock is already selling on a prospective earnings ratio higher than the S & P 500, and the street is

looking for an earnings gain of about 20 per cent in fiscal 1986. Investors are evidently happy co-ordination," he says. "By ignor-ing the unique characteristics of the airline industry, most perticularly with n conglomerate, as Gulf 8 Western must still be named, pro-vided that it is moving out of the capital intensive areas which char-terised it in the past. Gulf's film, publishing and financial services the airline co-operative network, this development poses a serious challenge in terms of conflict of law, increase in costs and inconvemix is far more appealing for the in-

Daewoo and China set up investment company

THE Daewoo Group, a diversified South Korean conglomerate with 1984 sales of \$5.12hn, has quietly established South Korea's first joint venture company with China as n channel for Daewoo's investments in that country.

The venture marks a major breakthrough in commercial rela-tionships between China and South Korea, although lack of diplomatic relations between the two nations makes the venture highly tentative. There is continued fear that strong objections from North Korea, China's communist ally, might cause the Chinese to withdraw.

Trade between China and South Korea this year is expected to approach \$1.5m, more than double the 1984 trade, which diplomats estimate at \$570m. Although China's foreign exchange shortage may re-duce the final figure, a major trad-ing relationship between these two former enemies is now an estab-lished fact.

The joint venture company, reg-istered in Hong Kong under the name Kingwood, is the result of re-

Monsanto

launches

corporate

MONSANTO, the fourth largest

U.S. chemicals group, yesterday un-

veiled a fundamental corporate re-structuring. It will take a \$559m

charge against its fourth quarter

earnings as a result of asset write-

sumer business. An early retire-

ment plan was proposed for 3,800

sales during the first nine months

of this year, when sales totalled \$4.99bn. The company added that gains from other asset sales it ex-

pects in the fourth quarter would

reduce the charge against 1985 net

income to between \$225m and \$250m.

Airline profits

too low – Iata

Continued from Page 1

ment and to maintain healthy bal-

ance sheets. In 1984, airlines enjoyed the ben-

efits of lower fuel prices, of paying lower real wages and of moderate productivity gains, without generating significant profits.

This means they have passed most of the benefit on to the con-

sumer in the form of lower real fares and rates. They can hardly continue to do so indefinitely."

Mr Eser is also critical of efforts

by governments to impose their in-dividual anti-trust laws and

other regulations on international

airlines.

"Many elements of international

air transport require multilateral

the existing regulatory regime and

overhaul

Chong. The company was established on February 5 this year with paid in capital of HKS2m (\$256,500) and is owned jointly by Sovereign Industries of the U.S., and Ming-

long Development of Hong Kong. Sovereign's U.S. address is Dae-woo's New York Office, and Mr Kim is listed as a director of Kingwoo. Four of Kingwoo's directors come from Sovereign Industries, all with Korean names, and two are listed as citizens of the Republic of Korea. as citizens of the Republic of Korea.

Minglong, which means "Fujian Dragon" in Chinese (Fujian is a province of China), is a joint venture company between mainland and Hong Kong interests, and three of the directors Minglong appointed to Kingwoo are citizens of the People's Republic of China.

The elaborate ownership structure of the company evidently stems from the lack of diplomatic relations between South Korea and

Kingwoo in Hong Kong and Dae-woo in Seoul each declined com-

peated visits to China by Daewoo's ment, but sources familiar with the peripatetic chairman, Mr Kim Woocompany say that Kingwoo's first investment is well under way.

A joint-venture plant, the Fuzhou number 2 radio factory in Fujian province in South-east China, is now under construction. The plant will assemble colour televisions and refrigerators on a semi-knockdown sis and plans call for the production of refrigerators to reach an annual capacity of 250,000 units by the

end of this year. The value added in the Fujian operation will be small, but Daewoo eration will be small, but Deewoo will supply components directly through its joint venture company in Hong Kong, eliminating middlemen and increasing profits. Sales of components to the plant are expected to be more stable than exports of finished products from South Korea, on which South Korean companies have generally relied to date. nies have generally relied to date.

Assembly of Daewoo components in Fuzhou began last year, under the brand name Tashibo.

UK base for Honda attack on Europe

HONDA of Japan, which this week unveils at the Tokyo Motor Show its new executive car developed in partnership with Austin Rover, the cars division of BL, the UK state owned vehicles group, is expected plant at Longbridge, Birmingham to press shead with a new joint ven- and Cowley, Oxford. ture that will enable it to enhance its presence in the European volume car market.

The aim is to manufacture in the UK by 1988 a replacement for the

The asset write-down reflects its plan to withdraw from certain low-return businesses and the costs of an early retirement programme.

Monsanto had previously an-accordance to the costs of the U.S. Though Honda is showing its vergous to the u.S. Though Honda is showing the u.

nounced that it was considering contract basis by 1991. selling G.D. Searle's domestic con-Honda, with no equity stake, would gain a UK assembly base within the European Community. of the workforce.

The business the group plans to discontinue contributed \$600m in marque, it should be possible to

meet EEC content requirements and avert import restrictions. Honda could gain a head start san, which is setting up on a green field site at Tyne and Weir in north east England to assemble 24,000

cars n year in the first phase of a For Austin Rover the joint project offers a short cut to introduce a new model in the high volume, high profit medium sector. The new car, code-named the ARS, will leaping the AR6 small car replacement for

Austin Rover will hope the new medium car carrying its badge will boost UK market share while the Honda version will provide volume for its under-utilised assembly

Joint commitment to the deal has been given but detailed negotia-tions have still to be concluded. Mr Harold Musgrove, the Austin Rover chairman, will travel to Japan today for the unveiling of the Honda ver-

Earlier this month the St Louisbased group completed its \$2.8bn acquisition of G.D. Searle, the pharmaceuticals group.

The group foreshadowed the reorganisation last week when it reorganisation last week when it repeated nine-month net earnings of Rover volume cars company formed nents. Honda will assemble both versions for sale in Japan and the versions of the car – the two versions of the car – the two versions of the car – the models. Honda Legend and the Rover 600 – look completely different but share a common body under-structure and fundamental chassis components. corresponding period a year earlier. | a key part of the controversial BL versions for sale in Japan and the

sion this week, Austin Rover is not expected to launch its model that will supersede the present big Rover saloon until next summer Honda will also be first into the U.S. employees, or about 11 per cent of the workforce.

Even if engines and gear boxes are thoma will also be first into the supplied direct from Japan, as U.S. next year, with Austin Rover the business the group plans to seems likely with the Honda not likely to launch in that market

There is some disquiet within the industry that although the project is a partnership Honda seems to be first into the marketplace. Austin Rover in negotiations over the ARS is likely to be anxious to ensure the

UK component suppliers already concerned about what they privately describe as the limited contracts they have gained on the XX will also be pushing for a high UK content in any future venture. They fear the increasing collaboration between

the Metro due approximately 12 months later in 1989. Austin Rover and Honda will inevi-tably undermine their UK base. Spanish car group Seat

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT,

enters British market

The importer, a subsidiary of the Lonrho group, will spend £2m (\$2.85m) during the rest of this year to launch the brand, £1.4m of it on There is no intention however to elevision commercials which, among other things, will teach the British how to pronounce the Spanish company's name - it is "say-at"

SEAT, the state-owned Spanish mo-buyers even recognise Seat is a car

European manufacturer without a stake in the British market, puts its cars on sale in the UK for the first UK, hopes within a very short time to have built Seat car sales in British market.

push sales with low prices and heavy discounts.

sure from Seat in Spain to push That is because research shows sales because currently the that only 6 per cent of the British ny has run out of capacity.

Banks set to back Baker Continued from Page 1

There are questions, too, about would begin to evaporate, how much flexibility will be built in There are fears that unl

world loans from smaller banks Government officials are under-

will begin to erode.

A key element in the proposal is Treasury, that a new institution the increased role which the World might be set up to warehouse third Bank is expected to play. Many bankers have for months shared the view of Mr Volcker that a bigger stood to be concerned that if the role for the World Bank, both outlines of the Baker initiative be- through increased lending and a come too vague as a result of moves clearer focus on economic policies to give banks wide ranging flexibility in its implementation for examing countries rather than shorting countries rather than short-

as French dial new numbers

Fingers

crossed

munications Ministry is keeping its fingers crossed that there will be no major upheaval in France's tele-phone system today after the land-mark change in the country's dialing system last Friday night.

In an operation which has been compared to the launch of a space rocket, M Louis Mexandeau, Posts and Telecommunications Minister, pressed a red button at 11pm on Friday before television cameras and popping flashbulbs and imme-diately changed all the telephone numbers of the country's 23m sub-

The switchover - an operation of unprecendented scale and complexity closely watched by most of the world's leading telephone companies - was flawless. But the real test will come today, the first business day since the introduction of the system which has given each subscriber an eight-digit number.

So far, the country's 1,700 public telephone exchanges, which were all modified at exactly the same time on Friday night by about 22,000 telephone company employees, have had to cope only with relatively light weekend traffic. Today, nowever, they will be seriously tretched since about 80 per cent of telephone traffic on a normal week day is made up of professional or

rials appear confident there will be no chaos and that France will not find itself cut off from the rest of the world. The system can cope with up to 35 per cent excess capaci-ty as a result of people dialling wrong numbers or making other

"We expect our exchanges to have to cope with about 25 per cent more business than usual because of the new dialling system," said a senior official of the French telecommunications authority, Direction Générale des Telecommunications

According to public opinion polls, phone subscribers claim not to know their new numbers. On a normal day one call out of every 10 is not dialled properly. In the next few days we expect the figure to be around four," said M Jacques Dondoux, the head of the DGT, on Friday night.

The French telecommunication authority has set up a computerised nechanism to monitor the introduc tion of the new system. Overall it will have cost France about Fir 5bn (\$622.6m) to make the conversion. The operation has taken seven years of careful planning.

ilestone for French telecommuni cations. It reflects the spectacular growth of the country's telephone system. The number of subscribers as grown from about 2m in 1955 to 23m this year and regions such as Paris and the Riviera have become

More and more regions risk he-coming overwhelmed in future years, prompting the French au-thorities to change the system and double the country's telephone ca-pacity to about 50m lines. Apart from the growth in basic telephone services, demand has grown for a wide range of new services includ-ing videotex, electronic directories and car telephones.

During the past month, the DGT launched a big advertising campaign to prepare the country for the change over. The advertising campaign has to match the scale of the peration," a DGT official said.

Indeed, no country has undertak-Belgium and Portugal changed their dialling system but on a smaller scale with 1.7m subscribers in Belgium and 400,000 telephone lines in Portugal. At the beginning of this year New York also change the telephone numbers of its sub-scribers but this involved only about 4.5m lines compared with

as simple as possible. France has been divided into two telephone areas - Paris and the provinces compared with the previous 70 tele-

All the new numbers are made up of eight digits. In the provinces, the former one or two-digit area codes have simply been added on to the original subscriber's six or seven digit number, while in Paris the figure 4 has been added to the capital's seven-digit telephone numbers.

The system will not affect inter-national calls except that the figure 4 must now be added to the old tele phone number of subscribers in the

THE LEX COLUMN

Gilt-edged under the hammer

The Bank of England and the gilt edged market have never quite seen eye to eye about the techniques used to sell government debt. Since it is the Bank's job to fund the public-sector borrowing requirement as cheaply as possible and it is the market's job to secure the highest return available for its the highest return available for its clients, the occasional disagree-

ment is not altogether surprising.

But until recently the debate has centred largely on the minutiae of funding tactics. When the Government Broker wheels out £1hn of new stock, the market complains about being clobbered; when, as he has done more recently, the GB immediately replaces an exhausted tap with a small quantity of some-thing similar, it grumbles about be-

Auctions

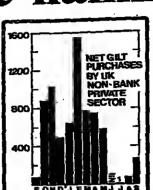
There has none the less been a broad consensus among partici-pants in the market that the sale of stock through a combination of tap and tender has helped everyone. While more formal auction arrangements have their advantages - a system which enabled the U.S. freasury to fund a budget deficit of \$211.9bn in fiscal 1985 cannot be all bad - the flexibility afforded by the tap should not readily be

breaking down. A year from now, the Bank of England will be dealing with 29 gilt-edged market-makers, roughly half of them foreign-owned, in place of the small club of British jobbers with which it does business at present. The changes envisaged in the secondary market will, some of the new participants argue, force the Bank to overhaul its primary market arrangements.

There is an element of self interest in that argument. The U.S. houses, in particular, are familiar with regular auctions and prefer the devil they know. But doubts about the viability of the tap in the new structure are not confined to the foreign market-makers. Several British houses believe that the Bank will not be able to treat 29 market-makers impartially without recourse to auctions.

Under the present arrangements, the Bank informs the gilt-edged jobbers of its willingness to sell stock before the market opens and takes bids. There seems no reason ue in the new market. A more seriings which take place during market hours.

When a news item triggers a rise in the market, the Bank may find it-self being bid for stock by all 29



stances, it would be impossible for the Bank even to maintain an orderly market. Any one of the high-ly-capitalised market-makers might immediately bid the Bank for all its outstanding supplies of stock. To satisfy that bid would leave the Bank open to the accusation that it

had treated the other 28 unfairly, yet to leave the first bidder hanging on the line while it took other offers would allow late-comers to bid on the basis of more recent secondary market prices. Some newcomers fear that, when the chips are down, the Bank will favour those categories of institution, the jobbers and the discount houses, with which it is accustomed to deal. The level playing-field which the Bank has established as

its model will, they argue, slope towards one goal-mouth or the other. The Bank has traditionally been opposed to selling stock through anctions, although it suggested that it would consider experimenting with the idea in its paper on the gilt-edged market published earlier

over, the market making clout has been concentrated in so few hands -two jobbers dominate the market why this dialogue should not contin- one market-maker would, the auc-

deficit. In the UK, where funding long and prosperous life.

pose, regular auctions would have made it more difficult to control the growth of sterling M3. Yet the rela-gation of sterling M3 and the aben-doment of overfunding as a policy

Welsam complet must el West his rive to the d of arre-

behavior

marcom must ki anatoro Second such co ambigue so than was at the

which if

economy best to) ployment cent.

West 1

steady if

ald comb

there is

undermined that argument: The case for auctions would be much stronger if it could be shown that they secured either a cheaper cost of funds to the Government or a zone orderly market. But, while the predictability of the suction arrangement looks appealing, there is

not much evidence that it operates better than the tap.

The corporate bond market in the UK works, through the Benk of England's queue, along much the same lines as an auction market. Yet it is patently less successful than its U.S. counterpart, in which

the tap - or shell registration - approach is preferred.

The suction system also presents regulatory difficulties. The Bank has consistently opposed the development of a parket in programas. opment of a market in repurchase arrangements in the UK and, given the damage which that market has caused Wall Street, it has been right to do so. It might also be reluctant to see a "when issued" market in the UK, at least without the im-position of adequate margin re-quirements. Without those two ancillary and unregulated markets, the U.S. auction system would run a good deal less smoothly.

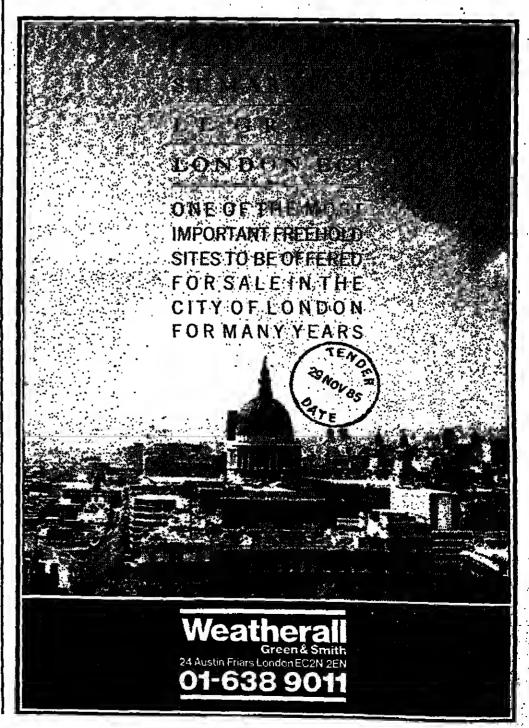
Experiments

The Bank already has the making of an auction in its practice of gureaged market published earlier point of departure for any fresh experiment. To judge from past pronouncements, however, it is most even have been possible for the Bank to conduct auctions on the U.S. basis. The capital investor

the primary gilt-edged market has simply not been large enough to make the but so long as gilt-edged derwrite new issues of stock. Morelumpiness is as much in the market maker's interest as it is in the Bank's. Similarly, neither the bor-- that a fixed timetable might have rower nor the lender would wish to made the Bank a victim of price manipulation. An enterprising jobber could have sold the market short, forcing the Bank to cut the short, of the Bank to cut the short of the market are short, of the Bank to cut the short of th price of its new stock, and could many individual stocks in the mar-then have covered the short posi- ket at present, but that is another

The onus will, however, be on the tioneers argue, be large enough to Bank to operate the tap system ous problem arises, bowever, with drive prices against the Bank in the with impartiality. It is familiar new regime.

The Bank has maintained in the dealing from its activity in the forpast that an auction system is more eign exchange and discount marappropriate to the U.S., where the kets. If it manages to transfer those Treasury's debt management objec-skills to the new gilt-edged environmarket-makers. The critics of the tive has simply been to finance the ment, the tap stock should have a



World Weather

on interest payments) and what lies behind the idea, floated by the U.S.

how much flexibility will be built in to the U.S. Treesury Secretary's proposal: whether for example alternatives to new money can be considered (such as putting limits continuing to service existing debts will begin to erode.

ple, the political impetus behind it, term economic austerity monitored and therefore its effectiveness, by the IMF, is badly needed.

SECTION III

FINANCIAL TIMES SURVEY

West Germany

- a giant hesitates

IT WAS President Richard von Weizsäcker who captured the complexities of the moment most elegantly and exactly. West Germans, he said in his rivetting address on May 8 to the Bundestag, certainly had no reason to be self-righte-us nr arrogent. But, he went on, "we may look back with gratified on our development over

tude on our development over these last 40 years, if we use the memory of our history as a guideline for our future hehaviour."

hehaviour."

That day, as anyone not marooned on a desert island must know, marked the 40th anniversary of the end of the Second World War. Like all such commemorations it was ambiguous—but nowhere more so than in West Germany. It was et once a measure of how was et once a measure of how far the country has come since the ruin of 1945, and yet a reminder of the extent to which it remains a prisoner of the events which that year treached their climax.

In many respects West Germany is just another EEC country, which has done as well, if not better, than it Community partners in coping with the problems they share in the closing decades of the 20th century. There will be no shadow of the past hanging over the general election it faces in early 1987, rather the economy, prosperity, and how best tn bring dnwn an unemployment rate of around 9 per

as the greatest economic power conditioned by its past, More in Western Europe, boasting than 36 years bave gone by steady if unremarkable growth since the Federal Republic and the lowest inflation rate in became an independent state: the world. Like the rest of the old continent, it is worried about how to keep up with the high technology challenge of the U.S. and Japan: like most thers in the Atlantic Alliance is concerned at the Pandora's

Four decades after the end of the Second World War, West Germany remains a land of contradictions. It has developed an enviably stable democracy and the most powerful economy in Western Europe, yet in some respects still searches for an identity.

RUPERT CORNWELL REPORTS FROM BONN

Like more than one m its merely brought the constraints eighbours, it has witnessed in into vivid focus. Like more than one m its neighbours, it has witnessed in the last 12 months titillating political scandal, as well as a modest degree of urban rioting. Yet, neither these, nor the introspective celebration of the collapse of the Nazi regime, were the events which have most captured the public imagination. Those were provided by the exploits of Boris Becker, the 17-pear-old tennis Becker, the 17-year-old tennis prindlgy who won Wimbledon and led West Germany to the final of the Davis Cup.

oyment rate of around 9 per But, it is impossible to pretend that in numerous West Germany stands today ways, the country is not still became an independent state: nevertheless the old fibe that West Germany is an economic giant but a political dwarf contains more than a grain of truth. In part, this is due to self-imposed inhibitions after what happened between 1933 purely economic or environmental to the design of the self-imposed inhibitions after but the design of the purely economic or environmental to the design of the self-imposed inhibitions after but the design of the purely economic or environmental that the design of the self-imposed inhibitions after but the design of the self-imposed inhibitions after the self-imposed inhib and 1945, in part to the de

One symptom was the con-troversy over Mr Reagan's visit to the Bitburg military cemetery where SS soldiers are huried: another was the huge interest, stretching far beyond Germany, aroused by the von Weizsäcker speech. Even the rash of spy-defections to East Germany, which virtually mono-polised the headlines this sumpolised the headlines this summer, is testament of a kind to the anomaly of e single German nation split by the aftermath of war into two halves, which now find themseives .in the front lines of two opposing ideological and military systems.

Bnt, the effects may also be seen in the discretion and caution of Bonn's foreign policy. facto consequences of defeat, initiatives. In some extent this foreign occupation and dis-memberment. The anniversary structure of the country, if any-

thing over-endowed with checks and balances.

The complexities spread to West Germany's very place in the world. None of its leaders has been more whole-bearted in sense of patriotism, of legiti-mate pride in the achievement of the most democratic state ever ot exist upon German soil. With bis fondness for the long

But at this point the opposite tugs become acute. For however inevitably the two Germanies may be growing apart, however remote the prospect of reunification may be, the fact remains that the road to that goal lies through Moscow, the patron power of

All, too, must be done without summoning in the East the unforgotten spectre of German

But a contributory factor is the past and the desire to ruffle as few foreign feathers as pos-sible. This month has provided sible. This month has provided one striking example with the argument over the merits of an DM 8hn deal to supply Saudi Arabia with a munitions plant. Almost any other country would have been congratulating Itself on a Middle Eastern coup: In the case of Bonn, it merely drags West Germany back on to the emotive, infinitely delicate terrain of relations with Israel.

The complexities spread to

his commitment to the Western Alliance and Washington than Chancellor Helmut Kohl, or to Bonn's role in the vanguard of the EEC. Upon these foundadormant expression Vaterland, he constantly holds out the distant vision of a Germany reunited.

patron power of the other

militarism—despite the pre-sence on West German territory of a huge concentration of nuclear weapons, certainly not in German bands but aimed at Eastern Europe and the Soviet Union, and despite the position of the Bundeswehr as a lynch pln of Nato's conventional



help explain Bonn's obsessive pre-occupation with improving East-West relations and with arms control. They underline tts tireless diplomacy in Eastern Europe — even though, sometimes results hardly measure up to the effort expended—and make it easier to understand why West Germany can appear as much played upon as player in the great East-West game. For the reasons listed ebove,

posals. Equally, the constant rejects the very idea of SDI, massaging of the West Gernot to mention lie notion of man ego by Washington, and the French idea of a closer defence relationship with Bonn, Herr Jobannes Rau, the party's both reflect the fear that such Soviet blandishments might bear

Chancellor Kohl, of course, has not wavered. In 1983 he secured the crucial Bundestag approvat for the deployment of forces in Enrope.

Nato Cruise and Pershing II would embrace both Germanies
These conflicting pressures missiles, and today is a good —something looked upon with

deal keener on SDI than some of his Cabinet ministers, notably Herr Hans-Dietrich Genscher the Free Domocrat (FDP)
Foreign minister. But would
the Social Democrat opposition prove as steadfast, if returned to power?

On the face of it, the answer must be no. The defeat of the last SPD-led Government, under Helmut Schmidt, in late 1982 saw a sbarp leftward lurch in Bonn is always the prime target Social Democrat defence policy, of Moscow's intermittent efforts which has subsequently heen to split the Western Alliance with tantalising arms cut proopposed missile deployment and

> popular candidate-designate for Chancellor, maintains that Bonn's place is within Nato and its military structure. But other SPD experts are exploring the idea of a zone, free of chemical and nuclear weapons, which

much favour by Moscow, All of which adds up to uncer-tainty; and small wonder that interested foreign observers are monitoring so closely the eddies and tremors behind the stolid facade of West German domestic politics, in the run up to the 1987 election.

Opinion polls suggest that the SPD ts neck-and-neck with the CDU/CSU headed by the Chancellor, not least thanks to the appeal of Herr Rau. In fact, however, the odds must at this stage be against a Social Democrat Government here in two years lime.

One reason is the lack of potential allies. The FDP, kingmakers always, can hardly be expected to jump horses so soon after dilching Herr Schmidt: the radical, anti-nuclear Greens, in Herr Rau's view at least, are too unreliable to be allowed Into central Government—and In any case may not even clear

> CONTINUED ON PAGE THREE

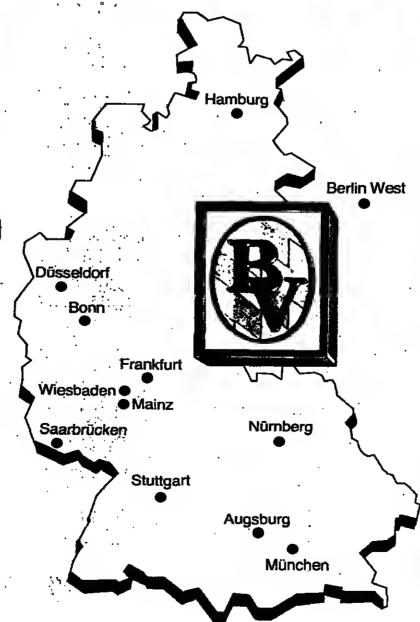
IN THIS SURVEY The cconomy: Kohl gets his message across: key statistics • The political scene: elections cast a long Defence: regrouping among manufacturers; ties with East Germany Bonn and the EEC: commitment to stronger integration; environ-mental issues Banking and finance: an exhibarating year; stock market boom ... Industry: top 50 companies; electronies; chemicais; vehicles: machine tools; nuclear energy 8-10

• West German life:
the North-South issue: the media; ianguage;

in West Germany

You'll find Bayerische Vereinsbank in business centres all over West Germany and in many financial centres of the world. BV's broad range of financial services is backed up by a solid domestic and international network.

Bayerische Vereinsbank is one of Germany's oldest and largest banks with consolidated assets of DM 127.5 billion (30.6.85). We have a two-century banking tradition and offer the full range of universal bank services including retail, wholesale and securities operations, not forgetting our speciality, mortgage banking, where long-term financing gives us added flexibility.



We operate from a broad base of approx. 400 domestic branches complemented by branch and representative offices overseas, equity holdings and correspondents in major international centres such as London, New York, Luxembourg, Zurich and Tokyo.

Bayerische Vereinsbank AG (Union Bank of Bavaria) London Branch 40, Moorgate, GB-London EC2R 6EL Telephone (01) 628 9066, Telex 889 196 byl a

Bayerische Vereinsbank AG Head Office - International Division Kardinal-Faulhaber-Strasse 1, D-8000 München 2 Telephone (089) 2132-6147, Telex 52 106-0 bym d



Our approach calls for solving

the most intricate problems of

financing with a generous dash

of inventiveness and flexibility.

This is a quality our clients

clearly appreciate, along with

our effectiveness at home and

abroad. Possibly one reason why

we rank high in the German

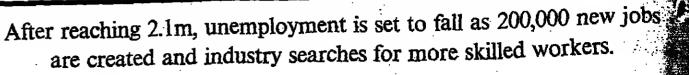
Norddeutsche Landesbank is

the 8th largest bank in West

Germany and one of the top

COMMERZBANK SE

banking world today.



Kohl getting his recovery message across

The economy PETER BRUCE

WEST GERMAN unemploy ment, at 2.1m is a post-war high for thistime of the year. Earlier this month, the trade unions called thousands of their mem-bers out on to the streets. Chancellor Helmut Kohl bad to make time during the parliamentary week to issue a special call for calm.

The end of West German The end of West German democracy as we know it? Well, no. The trade unionists on the streets were staging the most polite series of railles, "discussions" and distributing carefully designed and expensive leaflets to each other. Herr Kohlerd Little more than that he said little more than that he did not think it very fair that the leaflets were accusing his Government of being responsible for the scale of inemployment and invited the unions to three-day talks, for the second time this year, with employers

The workers, given the almost eerie absence of real rancour in the relationship with the Government, will no doubt accept.

The problem they have in attacking the Government is that the unemployment figures
—which reached an all-time
post-war high of 10.6 per cent
in January—are really the only
weakness at present in Herr
Kohl's economic arsenal. His
problem is getting the good

In the second quarter, however, real GNP rose 2 per cent

modest 2.5 per cent. The factor central to this revival of confidence has been a slow, but by now unmistak-

The 1984 trade surplus, DM

Two things militate against that. First, although the U.S. has been the fastest growing export market receotly, only 10

price-sensitive. Secondly, West German infla-

mechanical engineering and electricals sectors are working at nearly full capacity, having done well in the export markets and now picking up a wave of orders at home, some key industries are still limping.

been more expensive.

The Government's tough fiscal policies are also beginning to pay off. Overall public budget deficits, about DM 40bn this year according to the Bundesbank, will have fallen DM 10bn Construction orders have begun to pick up, but from such a low base that the effect is deficits, about DM 40bn this year according to the Bundesbank, will have fallen DM 10bn in a year, leading to a noticeable assing of pressure on credit markets. Interest rates, though still relatively high in real terms, are falling.

In a low base that the effect is barely noticeable. It is critical to the construction industry, which normally accounts for some 12 per cent of GNP, that new industrial investment means the property of the construction industry, which normally accounts for some 12 per cent of GNP, that new industrial investment means are falling.

terms, are falling.

If any Germans remain scentical about the recovery, ontsiders are not. Foreign buying has been far and away the main force behind an apparendy unstoppable bull market in German shares. The FAZ index bay risen 160 per cent since the low of Angust 1983, Importantly, most brokers believe, the most brokers believe, the foreign buying is not speculative but part of a serious effort to get out of dollar securities at least in the medium term.

German shares have never risen so high so quickly and, says one major broker, it is bighly unlikely that the market would begin to fall before GNP

More automation This is not happening yet.

Industry is expanding capacity by automating its plant, some-thing that can easily be doze in current floor space and it seems that it would take a really unique leap in industrial invest-ment combined with a need to rehire lost workers, on a scale that managements are reluctant to do, to help domestic con-struction orders back even to the low levels of last year.

Local authorities, another important source of construction orders, having been bludgeoned into balancing their books by growth does. into balancing their books by
That said, the domestic the Government now seem
recovery (and, therefore, the reluctant to spoil it all by woods yet. A surge of exports There is little hope of Herr

Stoltenberg deviating from his previous policies by pumping. Federal funds into public works, as the unions protesting earlier this month want him to do.

. 44

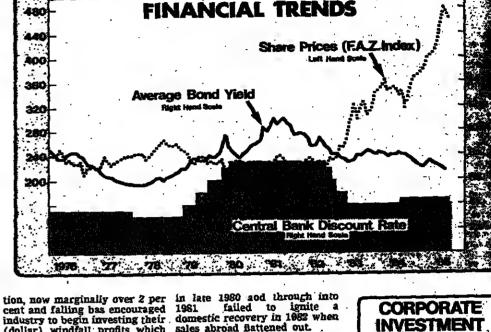
The retail industry is also having to wait to see whether a planned, two stage tax reform worth DM 20bn, to be paid out next year and in 1988, will find its way not only into the pockets of consumers, but whether they will spend the money.

The Government has also failed to tackle, in any serious way, a string of structural "rigiditles" it promised to do power in lale 1982. Subsidies remain high—in fact, public aid to industry has increased under the Kohl administration.

Plans to privatise some stateaway and industry, angry at Dr Stoltenberg's refusal to make the DM 20bn tax cut in one, stage next year, has warned that the time lag between the two will mean little more than the reform flattening out actual tax increases under the present Covernment.

Politically, however, the only thing that matters now, just over a year before the next election, are the unemployment figures. Should they begin to fall, thereby strengthening the impression that the domestic recovery is really taking hold, Herr Kohl will probably not have much to worry about when he faces the electorate in January 1987. His Ministers insist that such a fall is no longer in doubt, it being simply a question of "when?"

Until then, the opposition will, despite any other evidence will, despite any other evidence to the contrary, continue to damage him with accusations that he bas mismanaged the economy. It is an allegation that is becoming harder and harder to prove, which probably accounts for the fact that trade union "anger and despair" has, of late, begun to resemble little more than theatre.



tion, now marginally over 2 per in late 1980 and through into cent and falling has encouraged industry to begin investing their (dollar) windfall profits which should begin to generate an increase in consumer spending. The fact that the West Germans have been saving their monay. have been saving their money has not only contributed to low inflation but it also dampened imports when they might have been more expensive.

West Germany will, in fact, create 200,000 new jobs this year year, and since the summer industrialists bave been complaining that they cannot find people to fill vacancies for skilled workers.

Hard winter

At the beginning of this year, ministers had more reason to be worried. First quarter gross national product fell 1 per cent, largely, it seems, because of the effect freezing weather had on an already-depressed-construc-tion industry and on the retail

The fall forced the Govern-ment to abandon its forecast that unemployment would fall by even a modest 100,000 this year but even this has been subily replaced recently by one that talks about the number of people in work increasing.

and the finance minister. Gerhard Stoltenberg, bas in the past few weeks even been so bold as to suggest that CNP growth for the rear might exceed government forecasts of

able recovery in the domestic economy. For the past two years, an export boom, fuelled by the strong dollar, has been almost entirely responsible for

The 1964 trade surplus, DM
54bo, was a record but it pails
next to the DM 75bn surplus
expected this year. The danger
was that a fall in dollar against
the D-mark would hurt
exporters and that domestic
orders would remain as flat as they had been since a mini-consumer boom spluttered in to life and quickly died in 1983.

export market receofly, only 10 per cent of German exports go there and even though the D-mark bad risen some 13 per cent against the dollar in the first balf of the year there are signs that the goods sold into the U.S., particularly capital equipment, are probably not too price-sensitive.

Memorandum items:

Dr Gerard Stoltenberg, Minister of Finance: leading a revival of confidence

When it comes to commercial banking services, there is no substitute for up-to-date knowledge. And the experience to deal with it. For immediate access to global

HOW WE GO ABOUT MATTERS OF INNOVATION.

public law credit institution

owned by the Federal State of

Lower Saxony and the Lower

These owners guarantee all lia-

bilities of the bank on a joint

and several basis. Norddeutsche

Landesbank is a universal bank

participating fully in all sectors

of the domestic and interna-

tional banking field. Our group

total assets in 1984 came to 88.1

»Life would be

infinitely happier

if we could only be born

at the age of 80 and

gradually approach 18«

- Mark Twain -

Saxonian Savings Banks.

hundred in the world. It is a Billion DM. Our subsidiary in

Luxembourg and our London

branch provide two interna-

tional operating bases that ena-

ble us to look after business

Geographiz | London | Luxembourg S.A. 3000 Mannover | 20, Ironmonger Lanc | 26, Route of Arlon | Teles 9216-20 | Tel. 01/600 1721 | Telex 2263 | Telex 2263 | Telex 2263 |

interests right on the spot.

capabilities built up over a century of international activity, ask a Commerz-

Head Office: P. O. Box 2534, D-6000 Frankfurt Main. 866 branches throughout West Germany, including West Berlin. Branches and Subsidiaries; Amsterdam, Antwerp, Atlanta, Barca-Branches and Subsidiaries: Amsterdam, Aniwerp, Atlanta, Barcelona, Brussels, Chicago, Hong Kong, London, Los Angeles, Luxembourg, Madrid, New York, Osaka, Paris, Ratterdam, Singapare, Takyo, Zurich. Representative Offices: Bahrain, Bering, Buence Aires, Cairo, Caracas, Capenhagen, Jakarta, Johannesburg, Mexica City, Moscow, Rio de Janeiro, São Paulo, Sydney, Tehran, Talanta.

HOW THE OECD SEES ECONOMIC OUTLOOK Percentage changes from previous period, seasonally adjusted at annual rates, volume (1976 prices) 1982 current prices DM bn 910.3 225.2 3.0 1.3 Gross fixed investment 1,571.3 change in steckbuilding* Exports of goods and services Imports of goods and services change in foreign balance* 37.9t GNP at market prices GNP implicit price deflator

Industrial production 0.8 * As a percentage of GNP in the previous period. † Actual amount of stockbuilding and foreign balance. ‡ National accounts private consumption deflator. Table from OECO Economic Outlook, May 30 1985.

Social Democrats face an uphill struggle in the next 15 months

Elections cast a long shadow

Political scene RUPERT CORNWELL

GOVERNMENT of little lustre, a Chancellor held in scant esteem; but both seemingly condemned to succeed. An Opposition led by the most popular politicien in the country, which might again become the largest single party, yet reckoned to have small prospect of a return to power. The next Federal elections are still 15 months away, but in West Germany lead times are long, and predictions of their outcome have already acquired e distinct similarity.

The experts of course could be wrong. Between new and

The experts of course could be wrong. Between now and early 1987 Helmut Kohl and his ragged centre right coallition may yet do enough to snatch defeat from the laws of victory—or concelvably the Social Democrats (SPD) may by then be looking sufficiently trustworthy and united to allow Herr Johannes Rau, the party's probable candidate for the probable candidate for the Chancellorship to turn his personal appeal to triumpbant

The odds, even after the ine odds, even after the SPD's stunning victory last May in Herr Ran's bome state of North Rhine Westpbalia, must be against such a reversal, not least for reasons which in great measure lie outside the control

PORATE

of the two major parties.
Unarguably, the Social Democrats are not in better shape today than they were in March 1983, when Bundestag elections sealed the return of the Christian Democrats (CDI) Christian Democrats (CDU) and their Bavarian allies, the CSU, to office after 13 years in the wilderness.

Part of the credit goes to Herr Rau, part to the ram-shackle performance of the Kohl Government, and its failure entirely to convince even in the economic field where it was supposed to hold the

The crude fact remains, bowelections since the birth of modern West Germany in 1949. the SPD has never won the 50 ner cent needed to govern on its own. Always it bas required allies, first of all in the thape of the "Grand Coalition" with the CDU between 1966 and 1969, and then, between 1969 and 1962 with the liberal Free and 1982, with the liberal Free

Democrats (FDP). The same, barring miracles, will be true in 1987. Yet the potential allies are pretty bard to discern.

It was the FDP which, by transferring its allegiance to Herr Kohl and the CDU in the antumn of 1982, brought down the country of so unpredictant and the country of so unpredictant and the country of so unpredictant country of so close to the next elections draw near.

Even by past standards, the country of so unpredictant country of so close to the next elections draw near.

Even by past standards, the country of so unpredictant country of so close to the next elections draw near.

Even by past standards, the country of so unpredictant country of so unpredictant country of so unpredictant country of so close to the next elections draw near.

Even by past standards, the country of so unpredictant country of so close to the next elections draw near.

Even by past standards, the country of so country o

It was the FDP which, by transferring its allegiance to Herr Kohl and the CDU in the antumn of 1982, brought down the Social Democrat-led coalition of Helmut Schmidt. Today the party, in economic and social pottey at least, has moved markedly to the right.

Nor is it plausible that the FDP would risk electoral suicide by jumping horses again, for the second time in less than five years. A year ago the Free Democrats' condition looked close to terminal, as they consistently failed to clear tha 5 per cent hurdle necessary to win seats in state or Länder parliaments, and the European Parliament in Strasbourg.

New FDP leader

Under an energetic new leader, Herr Martin Bangemann, leader, Herr Martin Bangemann, the Economics Minister, things bave picked up considerably. In North Rhine Westphalia, e state where the party had always struggled, the FDP won 6 per cent of the vote last May, two months earlier, in West Berlin it scored 8.4 per cent, in the Saarland no less than 10 per cent.

successes emboldened it to creat more mischief in the coalition; but the Free Democrats are hardly likely to bite off the hand which feeds them.

Assuming the FDP is off

limita, the only other potential partners for the SPD are the radical left-wing Greens — and bere even greater difficulties arise. The first of them is simply that there is no guarantee that the Greens will be returned to the Bundestag

Until the turn of last year, the party's rise seemed unstoppable, and the Greens seemed set fair to replace the FDP as the third force in West German politics.

The party's fortunes have since plummeted. The inherent contradictions in a protest party's make-up bave emerged, between those wanting no truck with the system, and those fevouring alliance with the SPD. Green "own goala" have been embarrassingly numerous, while the other parties have stolen "Green" issues, like environmental protection and disarmament

take the first and the first of the first of

Certainly good tactics dictate such a stance. But even at a state level, the protracted, albeit apparently successful, negotiations between SDP and Greens to form a coalition in Hesse show how difficult it is for the two parties to reach a modus virendi. Herr Ran knows full well that prior acceptance of an arrangement at faderal of an arrangement at federal level with the Green would only scare off potential moderate SDP voters, already worried about the left-wing drift of the party on security policy.

Indeed it is the alleged "un-soundness" of the SPD on defence and Boon's place in the western alliance with which the Christian Democrats will make great play in the forthcoming campaign. A foretaste came on the night of the North Rhine Westphalie vote, when the Chancellor rounded bitterly on the SPD chairman Herr Willy Brandt, eccusing him of "primitive anti-Americanism."

Herr Rau himself is firmly in Herr Rau himself is firmly in the centre of his party, but the anti-Nato views of people like Herr Oskar Lafontaine, who captured the Saarland for the Social Democrats last March, will provide ample ammunition for CDU propaganda that an SPD Government in Bonn would play fast and loose with the country's security.

"All the time, the SPD ends up just representing the posi-tion of Moscow," charges Herr Alfred Dregger, Bundestag floor leader of the CDU/CSU.

All of which though, is of only limited consolation for the only limited consolation for the Chancelor. If the polls show the CDU/CSU level pegging with the SPD, his own standing has dropped sharply. The party's wretched showing in North Rhine Westpbalia, where it lost nearly 7 per cent from 1980, suggests that even Herr Kohl's celebrated common touch, his instinctive feel for the mood of the man in the street, may not be what it was.

He also has his own inability to hold bis CDU-CSU-FDP coali-tion in line to blame as well. Government squabbling is no-thing new in West Germany,

abina oc nam ca nam

and Herr Franz Josef Sirauss, the Bavarian leader who be-baves as if be were Foreign Minister, is unusual. The Chan-cellor has a solid 58 seet maj-ority in the Bundestag, but often it does not look like it. None the less the accidents this year have not had the epic qualities of those of 1884—the Kiessling affair and the resignation of Count Otto Lambsdorff, the Economics Minister. faced by charges of bribery and tax evasion. Calls for the Chancellor's head multiplied after the Narth Rhine West-

phalia disaster, but hava abated Nor is there any obvious suc-

over, remains the economy. The SPD can make hay with the unemployment statistics, but the signs are that the recovery will quicken, rather than slacken next year, meaning that the Chancellor could even go into the election against a background of falling unemployment. That would be genuine success—assuming it can be sold as such. Many of the Government is such that the covernment of the ment's difficulties stem from its failure to get its policies across. "Rau (in North Rhine Westpbalia) gets had results and a great press, while we ere getting the results but a bad press," Herr Dregger notes pithily. He may heve a point.

CONTINUED FROM PAGE ONE

the 5 per cent hurdle to win seats to the Buodestag. And, by itself, the SPD has never won an absolute majority of the popular vote.

More important, however, is the economy. In West Germany as everywhere else, elections are mostly won and lost on economic perfor-mance: the signs are that things may he coming good for the centre-Right coalition at just the right moment for Chancellor Kohl.

In Bonn, his seeming leck of grasp and authority bave made him the butt of a thousand un-flatlering jokes. The contrast between the vacuous honbomie be rediates, and the incisiveness and prestige of his predecessor. Helmut Schmidt, is glaring. Not so long ago, in the wake of the CDU's calamitous showing in the May state election in North Rhine-Westphalia, there was excited speculation of a palace coup, to replace him with someone who looked more like a

A GIANT

ception of Herr Kohl. Rather, time too sbort, while the economy, his greatest potentiel votecatcher, is rallying to his. help. Growth this year will he at least 2.5 per cent, next year it should be better, while in-flation is likely if anything to fall from its present meagre

Company profits are surging ahead, private investment at last looks set to rise. So, according to most forecasters, does consumer demand, suggesting thet the conservative fiscal policies pursued for three years are paying off. Critics may nitpick, but they find it hard to quarrel with the Government's basic contention thet a genuinely sustainable upswing is already under way.

in the enough to bring about a fell in unemployment? The Govern-ment says Yes, pointing to estimates that over 400,000 new jobs will have been creeted in 1984 and 1985, and that better is on the way, now that the reservoir of sbort-time workers is nearly exhausted.

The Opposition and the unions disagree, and are already talking of programmes to reduce working hours, restore welfare cuts, end boost public spending Zto inflate domestic demand, should it be returned to office: to which the Government retorts that it was SPD policies such as those which contributed to the recession of 1980-82 in the first plece.

The battle lines are therefore drawn, and every set of unemployment statistics in the months ahead will ace a new skirmish. But hy and large as other polls show, West Germans, generally reputed to be gloomy, pessimistic folk, are broadly bappier with their lot than for many years. That, indeed may he a considerable unsung echievement of Herr All of which of course still unsung echievement of Herr But such talk has subsided, leeves unanswered the key Robl—and proof that the past bough little thanks to an im- question: will the improvement ais not everything.

PERSONALITY PROFILE: ALFRED DREGGER OF THE CDU/CSU

A politician who speaks his mind



Germans can be proud of their country, says Alfred Dregger — "we have the most successful Government in Western WHATEVER ELSE, Alfred rooted from the East after 1945. foreign and security policy: few days before, the Free Dregger, floor leader in the But the embarrassment that "The Social Democrats just end Democrats deserted Chancellor up by representing the positions of the CDU/CSU may heve been caused, and the parliamentary group has one controversy, have left Herr virtue not always to the fore in Dregger unrepentant. virtue not always to the fore in West German politics: at least you know where he stands.

His critics, and they are legion, regard him as a creature of the distant right of the con-ventional political spectrum. But the man himself would des-cribe his views as no more than bonest patriotism — certainly not the most comfortable virtue in post-war West Germany, but which he has described as "a feeling as natural as love for the family."

Not surprisingly, in this year of bitter anniversaries and awkward memories, those views bave been rarely out of the beadlines: the insistence that 40 years after the end of World War IL the German question remains open, the utter commit-ment to Bonn's alliance with the U.S., his public attack on the Washington Senators who had the temerity to oppose President Reagan's visit to Bit-burg Cemetary where 47 former burg Cemetary where 47 former SS soldiers were buried, the SS soldiers were buried, the sympathy for the cause of the bas little time, and least of all take power there, in alliance vertriebene, the Germans uppredictably when it comes to with the Liberal FDP. But a

If so, then that may in some measure be put down to the traditional forthright simplicity of the old soldler. Dregger was born in 1920, end war arrived before he could go to university. Instead be rose by 1945 to the rank of captain and battalion commander, and in the fighting was wounded four times. Today, at almost, 65, be still has the looks, cut and crispness

of the militery man. He was born in Minster in Westphalie, bot has little of the aentimen-tality and ponderousness counted as the usual virtues of Westphalians.

Straightforward

Herr Dregger Is no less straightforward when it comes the point.
For the post-Schmidt SPD he

sees as the central tragedy of our times.

To portray him merely as a simplistic sloganiser would be wrong, bowever. The Dregger style may be mocked by the Left, but clearly a large counk of Germany's silent majority likes both the style and the substance.

He was elected Mayor of Fulda in Hesse in 1956, and in the process became the youngest mayor in the country, at the age of 35, He gave up the job in 1970, but still spends weeks when the Bundestag is not sitting dealing with constituency affairs in the town, just a few miles from the East German

It was during the 1970s that Dregger made a national name for bimself, by turning the Christian Democrats into the largest party in Hesse, a state

hitherto dominated by the SPD. By the Land election of 1982,

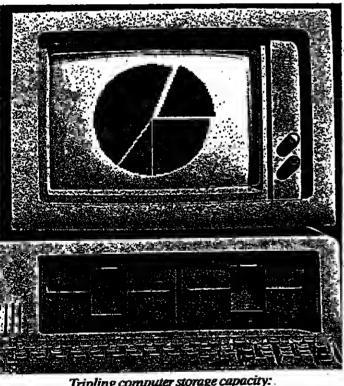
all but oblitereting the FDP in the state.

The setback bowever was brief. Helmut Kohl took over as Federal Chancellor that October, and Dregger, with whom Kohl has an excellent working relationship, stepped up to CDU/CSU door leader. up to be CDU/CSU floor leader.

The post is of key importance, "the second most influen-tial after that of Chancellor," Dregger himself calls it. It also one which requires a good deal of backroom savvy, both in keeping the squabbling CDU and CSU in some kind of rank, and working with the ever sensitive Free Democrats, Kohl's touchy supporters in the

Early in 1987, elections come round again. Bul despite speculation of a summons to Cabinet Office, Dregger makes clear be intends to stay where he is-assuming he is asked, For all the abuse his enemies heap upon him, there can be small donbt he will be.

The never-ending search for the perfect bearing.



Tripling computer storage capacity:

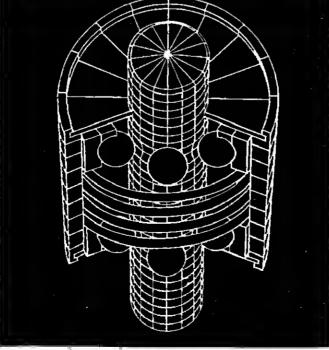


for high track density...

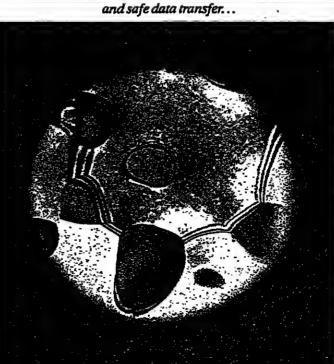




this spindle bearing unit...



requires sophisticated computerised design...



and micro-precision scrutiny.

No doubt the computer has made office life run more smoothly. But have you considered the levels of precision required to provide such efficiency?

Take the actuator, which has a seemingly simple task in the magnetic disc drive. By accepting a signal it moves the head to the specified track and reports back when the head is ready to read or write.

Fine adjustments, measured down to millionths of an inch, can literally make the difference between unreliability and excellence. The same accuracy is essential for the bearings. Consider the sophisticated Winchester disc drive - a model which both improved access time and, with a track density of over 1,000 tracks per inch, more than tripled the storage capacity.

SKF's brief was quite simply to create nearperfection - a spindle bearing unit rotating so accurately that no read/write errors would occur from unwanted disc movement.

The success of the venture can be judged by a current aim - to double track density levels to 2,000 tpi, for which bearings of even greater precision are needed. At SKF our search for perfection will go on for ever.

Down to the micro-world of the bearing

Our search for new answers takes us deep into the micro-universe of the bearing-where micro-changes of a 10,000th of a millimetre are now common-place. And new bearing designs can yield energy savings of up to 80%.

For this, high standards of metal-working precision are required - and 'near-absolute' accuracy has to be maintained from steel purity through computerised design to application.

Now, by harmonising new theory with the reality of new technologies we have shown how bearing life-and reliability-can be prolonged nigh on indefinitely.

75 years of close customer co-operation has given us the expertise to create a virtually boundless programme of ball, cylindrical, taper and spherical roller bearing types in some 25,000 variants. From miniatures weighing three hundredths of a gramme to giants weighing 500 million times more. Assuring our customers worldwide of the exact bearing for every application. And ultimate reliability.

Like an effective actuator, at SKF we're usually on the right track.

SKF. The exact bearing.



A look at the regrouping in the industry

Why the giants are chasing the cash-hungry producers

Defence PETER BRUCE

AT THE END of September, about two weeks before Daimler-Benz pulled off West Germany's biggest takeover, paying more than DM 1.6hn (\$601.5m) for control of the AEG electronics group, stock AEG electronics group, stock market brokers in Frankfurl had got wind of something. The rumour was that Daimler was going to buy AEG's DM 1.4bn a year defence business— mainly high frequency com-munications technology.

Not for the first time, the Not for the first time, the brokers got it wrong. Daimler bought, or is trying to buy, the whole group but the fact that the stories were believed by a lol of people who watch the defence business, and that they though! even the less spectacular purchase made sense, is important.

west Germany's defence industry is regrouping. Smaller, cash hungry producers are being swept up hy richer giants. It is still impossible to say, however, whether the shifts in ownership are themselves defensive or the prelude to some-

has been supplying engines for Frence.

the Tornado fighter. Then il bought control of Dornier, Ger-many's second biggest aircraft concern and also a major defence electronics contractor.

At the same time Messer-schmitt-Bolkow-Blohm (MBB) affectively took control of Krauss Maffei, manufacturers of the highly regarded Leoperd 2 main battle tank.

In all these takeovers declining military order books have been important. Leopard 2 production expires in 1987, as should output of the Tornado. In Dornier's case, the company was wrecked by internal managerial strife but its military husiness too had been on the wane. the wane.

Many of the medium-sized defence equipment producers are baving to ask themselves whether it is worth remaining in an industry in which more weapons are being produced in multinational ventures, meaning fewer orders to go around the country's 36,000 defence suppliers.

sive or the prelude to something more dramatic.

Before setting upon AEG,
Daimler had already this year hought complete ownership of MTU, the country's only aero engine builder, whose major business over the pasi few years has been supplying engines for the more dramatic.

There also exists, however, the lingering hope among all defence contractors that Bonn will finally raise the 30 yeer-old barriers on arms exports and let the industry loose on the rest of the world to compute the country loose on the rest of the world to compute the contractors that Bonn will finally raise the 30 yeer-old barriers on arms exports and let the industry loose on the rest of the world to compute the contractors that Bonn will finally raise the 30 yeer-old barriers on arms exports and let the industry loose on the rest of the world to compute the country loose on the rest of the world to compute the country loose on the rest of the world to compute the country loose on the rest of the world to compute the country loose on the rest of the world to compute the country loose on the rest of the world to compute the country loose on the rest of the world to compute the country loose on the rest of the world to compute the country loose on the rest of the world to compute the lingering hope among all defence contractors that Bonn will finally raise the 30 yeer-old barriers on arms exports and let the industry loose on the rest of the world to compute the lingering hope among all defence contractors that Bonn will finally raise the 30 yeer-old barriers on arms exports and let the industry loose on the rest of the world to compute the look of the lo



Manfred Woerner, Defence Minister: under pressure from the Government to reduce costs

German governments bave consistently stuck to a policy of not allowing their arms producers to sell weapons into "areas of tension" (the Middle East, for example). But the Kohl Government has altered this—it now talks of the need to sell arms in order to protect vital Western interests though it bas done nothing to implement it—and some producers vital Western interests though it bas done nothing to implement it—and some producers are delaying decisions about The defence budget for next year envisages an increase in spending of just 2.6 per cent, and although this will push

If the Government, in the If the Government, in the face of certain Israeli pressure, and much criticism at home, goes ahead and allows Rheinmetall to supply a DM 8bn artiliery and tank amunition plant to the Saudi Arabians it will mark a fundamental break with the past.

For Bonn's military planners For Bonn's military planners, the would be important advantages in both the defensive move towards fewer, and higger contractors and in an aggressive opening up of export opportunities which might encourage smaller producers to stay independent in the industry.

Herr Manfred Woerner, the Defence Minister, would probably like to see the industry remain much as It is — fragmentation does reduce the risk of monopoly — but time is not on the side of the producers and Bonn will take a long time before giving the nod or otherbefore giving the nod, or other-wise, to the Saudi deal.

wise, to the Saudi deal.

Herr Woerner is also under pressure, from his Government to reduce costs and from Nalo. particularly the U.S. colleagues, to increase real spending. Herr Gerhard Stoltenberg has cut the Federal Government's deficit from nearly DM 40bn to eround DM 25bn since 1983 and the Defence Ministry has had to slow down its spending along with almost every other department.

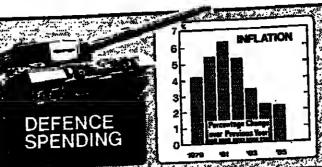
the total budget past DM 50bn for the first time since the Bundeswebr was founded in 1955, the increase is a far cry from the 8.2 per cent of 1981 and less than half the increase in 1983.

in 1983.

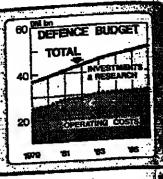
Luckily, trimming the increases bas coincided with a sbarp fall in inflation in the past few years — it now stands at about 2 per cent — meaning that Herr Woerner has been able to argue in Nato that Germany is increasing spending in real terms in order to be able to fulfil its commitments to the alliance. If that were not enough, the Defence Ministry argues, it bas also shouldered a political burden and set in motion legislation designed to increase the length of national service. service.

Some observers, the more obvious critics, have suggested that the Government might be overreacting in its determination to increase the length of national service from 15 to 18 months after July 1989. But the military bave been alarmed at the effects the been alarmed at the effects the country's rapidly declining birthrate could have on manpower through the 1990s and into the next century — an increase in long-serving volunteers bas belped push the standing army up to some 260,000 men but in ten years time it is expected that the number of recruits will bave fallen from 300,000 this year fallen from to 160,000. 300,000 this year

The Defence Ministry has argued that the longer military



DEFENCE BUDGET

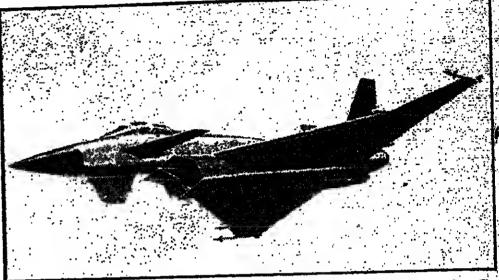


service, and a general tightening up on exemptions, is the only way to keep total strength at the required 495,000 men, and the Government, a year ahead of what promises to be a tough election, is highly unlikely to even think out alond about drafting women to help make np the numbers.

Fortunately for the military, Herr Woerner appears to have recovered from a personal disaster of his own making in early 1984 when he sacked, without thecking evidence which soon turned ont to be false, General Guenter Klessling, deputy supreme commandar at Nato, for frequenting homo-

World War II this year and another is planned for 1886 nother is planned for 1886.
Nelther the minister nor his seniors have done anving nor dissuada French leaders from muttering about extending france's independent nuclear mbrella to cover Germany
Bonn and Paris have split
on supporting the U.S. strategic
defence initiative (SDI), but Herr Woerner's expressions of support for a "European Defence Initiative" (EDI), which would develop technology

to shoot down, from space East bloc meduim-range missiles, have much to do with wanting to draw the French into closer



Fighter of the future: an artist's impression of MBB's design for a combat aircraft of the 1990s. There is a relentless trend in the defence industry towards "superproducers" with major suppliers further diversifying into high technology areas.

Military planners also see advantages in fewer but larger contractors

Soviet coolness hinders moves to more accords

Ties with East Germany

LESLIE COLITY

THE EAST GERMAN leaders conservative-led Government in Bonn but they are making the best of the situation while wooing the opposition Social Democrats (SPD). The Christian Demo-crats (CDU), for their part, have managed to continue the have managed to continue the process of give-and-take with East Berlin, which was begun by the SDP under Willy Brandi In the early 1970s.

A visit to West Germany by Herr Erich Honecker, the East German leader, may even become feasible part year after.

become feasible next year, after the visit planned for Septem-ber 1984 was cancelled under strong Soviet pressure.

Before Herr Honecker will be permitted to go, bowever, the Soviet Union, will want to im-Soviet Union, will want to improve its own cool relationship with Herr Helmut Kohl's Government in Bonn, But Moscow's efforts to isolate the Bonn Government diplomatically, while courting the SPD, have not prevented the two German states from concluding a series of eccords.

In July they signed an agreement raising the interest-free ment raising the interest-free "swing" credit (an overdraft facility designed for East Germany's use in inter Germantrade) from DM 600m to DM 800m. This was accompanied by an East German curb on illegal immigrants from Sri Lanka entering West Barlin via East Berlin's Schönefeld airport, a long-standing West German complaint.

A month later East and West

German complaint.

A month later East and West
Germany concluded an agreement under which Bonn will
pay East Germany DM 148m for
the renewal of a 41 km stretch
of worn road surface used by
West and East Germans on the main autobahn between West Berlin and the Bavarian border at Hof.

The 1971 four-power agreemeni continues to guarantee unbindered autobahn access to West Berlin through East Germany. But Bonn's annual psyments of more than DM 1bn to East Germany for services it renders to West Berlin ensure that traffic to and from the city flows without Interruption and that East German border officials have become unusually

Early in September Herr Honecker held lalks at the Leipzig Trade Fair with Herr Franz-Josef Strauss, leader of the Bavarian wing of the CDU. In 1983 Herr Strauss was instru-mental in obtaining a DM 1m Government-backed losn lo East Berlin end in return East Germany began dismantling its automatic weapons along the

This lime Herr Honecker toid



Erich Honecker, the East German leader: tenslon between the two superpowers is affecting relations between East and West Germany

Herr Strauss that the automatic weapons had been removed completely and that the last minefields along the border minefields along the border would be eliminated by mid-September. Herr Strauss was aware that in their place the East Germans had erected an electronic fence behind tha actual border which was capable of detecting any would-be

The Bavarian politicians said The Bavarian politicians said Herr Straus had also promised that more East Germans would be allowed to join their relatives in West Germany. The Bonn Government expects that about 20,000 East Germans will be permitted to emigrate this year. This is only half last year's wave of migrants but more than the average in

more than the average in recent years.
In the first half of this year more than 33,000 East Germans below retirement age were able to visit West Germany on nrgent family matters — some 18 per cent more than in 1984. But in recent months the growth has subsided, indicating the erratic progress that often occurs in inter-German

relations. While visiting the stand of the West German chemicals company Hoechst at tha Leipzig Fair, Herr Honecker told Herr Han Otto Bräutigam, the West German permanent represen-tative in East Berlin, that rela-tions between East and West Germany bad developed "rether nicely" and noted that trade between the two would exceed DM 16bn this year.

Things were "beginning to move" in the field of joint industrial co-operation, sald Herr Honecker, but if the tension between the two Super Powers was not alleviated it would have a negative effect on relations between Eastern and Western Europe, he warned. Undoubtedly the outstanding

visit to East Germany this year was made by Herr Willy Brandt, the leader of the SDP, who was obliged to resign as Federal eagerly sought

his aides, Herr Günter Guillaume, was exposed as an East German spy. Herr Brandt and Herr Honecker agreed at their talks

late last month that in November their respective parties would begin negotiations on the creation of a zone free of nuclear weapons in Europe. The announcement appeared to indicate that the SDP would be leap in its relations with East Germany if it was returned to power in Bundestag elections in 1987 but it was far from certain that the SPD in government in Bonn would have the freedom, to act as it did while in opposity

Herr Brandt, like Herr Strauss, came away from his talks with a promise from Herr Hopecker more East Germans would be allowed to visit their relatives in West Germany on

urgent family matters.
East Germany, together with
Czechoslovakia, last month sent a letter to the West German Government proposing negotiations on a zone free of chemical weapons in Central Europe. Earlier this year the East Germans and the SDP in Bonn had drafted an agreement for just such a zone, to include at least East and West Germany and Czechostovakia.

A CDU spokesman in Bonn called the Honecker proposal unacceptable and argued that it would undermine the Geneva talks on an internationally verifiable ban on chemical weapons which was supported by West Germany.

Officials in Bonn are optimistic between that an agree-

mistic, however, that an agreement can be reached soon in tha long-drawn-out negotiations on a cultural agreement with East Germany. They began in 1973 but East Germany refused to accept West Berlin in such an accord and demanded that a number of art works belonging to tha Prussian Cultural Foundation in West Berlin be returned to their pre-1945 location in East Berlin.

A visit by Herr Honecker to West Germany is believed to be unlikely until a cancelled visit last May by the president of the East German parliament, Herr Horst Sindermann, can be rescheduled.

The visit was called off when mistic, however, that an agree-

The visit was called off when the CDU president of tha Bonn Bundestag refused to meet Herr Sindermann in the East Berlin parliament building because the parliament building pecause the latter did not represent e freely elected legislature. A CDU spokesman said recently, however, that it was possible that Herr Sindermann could be received in the Bundestag under certain conditions.

The conditions included the

The condtions included the establishment of contacts between East and West German representatives down to local council members. This will not be easy for East Germany, as it has resisted such contacts since the early 1960s. Before thea it actively supported the idea of a reunited Germany and

WestLB is one of the major banks in Germany, where dedication to quality is almost proverbial. We offer madeto-measure loans, bonds and services.

This amply illustrates our ability to provide individual solutions tailored to specific needs. Of course, sophisticated services depend on

tangible assets: The vast resources of international banking. Plus an imaginative and innovative approach to financing.

German quality in banking: WestLB.

That, in a nutshell, is WestLB's simple vet universal business concept. You can bank on it wherever you do business.

The Westdeutsche Landesbank.

Head Office Düsseldorf

"I like the looks of Lufthansa."

This is an authentic passenger statement.





nden cords

في

MEDICAL PARK **HANNOVER**

Hannover - capital of Lower Saxony - is first in the field in West Germany in developing a research and development park for national and international companies in medical technology, biotechnology, pharmacology, biochemistry and related

Medical Park Hannover offers companies the unique opportunity to set up individual ventures in research and development on an attractive 30 hectare site, surrounded and interspersed with areas of open parkland, close to Hannover Medical College.

Medical Park Hannover boasts first-class road and air connections, proximity to a lively city centre, an exhibition site and a modern tram and bus network. The following scientific institutions, with their international standing, provide the basis for potential high-quality personnel:

Hannover Medical College Hannover Veterinary College Hannover Technical University.

These are supported by a large number of private, state controlled and semi-state controlled medical research and development establishments. Their proximity guarantees the future development of companies participating in Medical Park Hannover.

If you require further information on this significant development, please contact:

Landeshauptstadt Hannover Wirtschaftsdezernat Postfach 125 D-3000 Hannover 1 Tel.: 05 11/168-59 29 od. 3934 Telex 923 842 Ihhan

Plans for more technological link-ups and cuts in cross-border customs checks.

Commitment to stronger integration

Bonn and the EEC

RUPERT CORNWELL

WHICH IS the real German European?

Is it Herr Ignaz Kiechie, the Agriculture Minister, who in June used for the first time Bonn's right of veto to block a cellor's feelings towards the Community. It showed his con-viction that only a more inte-grated Western Europe could offer an outlet for his country's proposed cut on Common

omer an outlet for his country's complex aspirations and anchor it firmly in the West and his belief that close partnership between Paris and Bono is a crucial sustaining force for the EEC. It also brought out Herr Kohl's fondness for generallities at the expense of practical detail. Market grain prices?
Or is it Chancellor Helmut
Kohl, who a fortnight later
made a Bundestag address

made a Bundestag address which probably rates among the most passionate declarations of Europeanism from a West German leader?

He pledged not only to work for an increase in EEC majority voting but produced an impromptu Franco-German initiative for a Treaty of Enropean Union to be submitted to the European Council in Milan the next day.

The answer, quite simply, is both. The cereal veto was merely proof that Bonn was aa ready as anyone in the Community to stand up for a vital nstlonal interest.

nstlonal interest. It was also a subtle reminder of a German feeling of distilusion with the Community as it then functioned. If others could trouble, then why not Bonn, which is the largest net contributor to the EEC's

Ignaz Kiechle, the Minis-

ter of Agriculture: a European but ready to

stand up for a vital national interest

to the idea of an inter-Governmental conference to map
out the path to a more united
Europe. Bonn officials, mesnwhile, have completed a package of proposais that would
put flesh on ideas in time for
the important EEG council
meeting in Lauxenbourg in
early December.
But what does West Germany
want? want?

ment of European intent was the other side of the same coin:

West Germany's impatience with the status quo and its belief that things could go on

no longer, especially on the eve of enlargement of the EEG from 10 to 12 members.

It also illustrated the Chan-

The Milan summit turned into a mess largely as a result of that eleventh-hour proposal from France and Germany—

and the understandeble pique from London at seeing its own more practically worded blue-print for EEC progress. But tempers beve now subsided.

With good grace and little choice, Britain has come round to the idea of an inter-Govern-

One strand in the skein of ideas, proposals and dreams may be labelled "European Union." The term as used by Chancellor Rohl last June referred to enshrining in Treaty form the foreign policy coordination of EEC member states, one of the most successful and emetalize the coordination. ful and smoothly functioning parts of the Common Market. The Germans say they would

like to go further in the security field, though this is complicated by uncertainties over what might emerge from talks over greater military co-operation between Bonn and Paris, and increased French interest in the defence of West Germany in European conflict. In the meantime, the most

evident symbol of the desire for integration has been a reduction—sometimes less than noticeable — in cross-border customs checks between Ger-

technological collaboration has been proved by its enthusiastic endorsement of the Eureka scheme. West Germany will bost in Hanover next week the ministerial conference of the 17 countries participating, which should see the venture take firmer shape.

But how much money the Federal Government will pro-vide at this stage is still in

Meanwhile, after fallure last June to force into EEC law tighter controls on vehicle exhaust pollution, West Germany is pressing for more

Bonn's commitment to greater of buge political importance. Bonn also wants to see institu-

tional progress within the Community, most notably by an ex-pansion of the role of the European Parliament. It is seeking a greater readiness than on the part of some EEG members like Birtain to secure changes in the Treaty of Rome to encourage more majority voting. The cereal price veto, officials here argue, was less a case of hypocrisy than of West Germany using the options to pro-tect its national interests.

tect its national interests.

More problematic is the country's attitude to the other great tary policy, West Germany says

Herr Kohl's indealistic statemany. France and their Benemeaningful action to protect the
environment, an issue in Bonn
munity—how best to create the
virtually alone in the EEC in
meaningful action to protect the
environment, an issue in Bonn
munity—how best to create the
virtually alone in the EEC in
genuine internal common marhaving dispensed with exchange ket for industrial goods and services which the 1957 Treaty laid down but which in many respects has remained a dead

> Bonn is in the forefront of the campaign for change, and rarely loses a chance of adverrarely loses a chance of advertising the free market principles said to guide the management of its economy. However, West Germany has dragged its beels in a variety of cases, ranging from banking and insurance to

But the Bundesbank is among the most sceptical and

among the most sceptical and reluctant when it comes to a real widening of the role of the Ecu (European Currency Unit).

Latest measures to liberalise the country's financial markets have had less to do with ideological conversion than the realisation that if nothing were done, Frankfurt might lose ground to London, New York and other more enlightened financial centres, which have already moved with the times. Here, as elsewhere. Bonn's, sincerity remains to be proved



Leaders of the Western Economic Summit at the opening session of talks in Bonn last May. Round the table are President Reagan and from his left Italian Prime Minister Craxi, Canadian Prime Minister Mulroney, President Mitterrand, West German Chancellor Kohl, Mrs Thatcher, the British Prime Minister, President of the Commission of the European Communities Delors and Mr Nakasone, the Japanese Prime Minister

Reports of dying forests and contaminated water arouse alarm.

The pollution problem remains an important political issue

The environment

JOHN DAYRES .

FEW PEOPLE take the environment as seriously as the West Germans. They are already spending big sums on cleaning petrol-engined cars.
up their country and constantly

But strong environ debate whether they should do a lot more.

No politician in West Ger-many can afford to appear indifferent to the pollution prob-lem and no industry or company can lightly shrug off eccusations of pollution.

Industry may be West Ger-many's lifeblood and the car may be its symbol of affuence,

One can see many signs of this. Thousands of West Germans cultivate small garden allotmeots, grouped into neat little communities dotted all over the country. The forests and woods are criss-crossed with tracks, many of them well-tracker. There was converted trodden. There are coocrete paths for cyclists alongside

Horror stories

So it is no surprise that reports of dying forests, of pollution seeping through the soil, of contaminated water can all arouse public alarm.

But these "horror stories," related with indignation by newspapers, radio and television, are by no means universally accepted. Details are often controversial and disputed and may at time be clouded by reliting motives. political motives.

Concern about the environ-

ment (Umwelt) has helped to tighten pollution cootrols over makes the Greens a political e wide range of industry bas force in West Germany. They been under debate. Under these won seats in the Bandestag in proposals, companies will have the 1983 elections, have entered several Land (state) parliaments and are a strong force on many regional councils.

terior Minister, would prove to All this amounts to big busi-be such en ardent environmen- ness for concerns supplying

the past few years.

He has certainly aroused strong criticism, particularly about the way he handled the long-running saga of car pollu-tion controls. Many motor industry executives felt there readily to environmental prowas much muddle in Herr tighter emission controls on petrol-engined cars.

**Recent technological advances to the way more industry executives felt there readily to environmental protection, but many people, nottighter emission controls on from satisfied with the rate of progress.

But strong environmentalists, including the Greens, felt that he has falled to achieve much with the eventual European Community compromise, tight-ening pollution controls within the EEG over six years from October 1888.

With the cloud of recriminations now dispersing, however, everyone seems to egree that may be its symbol of affuence, some prosent with the but the natural environment. The Bonn Government, with the forests, fields, rivers and streams—touches a deep emotional and sentimental chord in over voluntarily to "environment-friendly" cars more quickly than they are compelled to by law.

"personal contribution" to saving the forests and cleaning

saving the forests and cleaning up the etmosphere, Herr Zimmermann says in an appeal to the wolume of emissions by at the volume of emissions by at the wolume of emissions by at the motorists conscience.

To spur this process, the Government has chauged the fuel tax to ensure that lead-free petrol is cheaper than the traditional kind. Other tax measures are also being taken to provide financial incentives for the environment-conscions driver.

The Government has already enacted a law to reduce the volume of emissions by at the apparent lack of the volume of emissions by at the column of emissions by at the column of emissions by at the apparent lack of the volume of emissions by at the column of emissions by at the call that the environmentalists have been organising protests and there has been increased that the river was free from sold in re-usable containers.

enacted a law to reduce pollu-tion from coal-fired power station from coal-fired power sta-tions and other large furnaces. Electricity supply companies throughout the country are in-vesting small fortunes in desulphurisation filters at most of the coal-fired power stations and promise to shut down the others.

More recently a new law to proposals, companies will have between three and 10 years to bring their existing plants up to certain emission-control requirements.

regional councils.

But the established political parties are all out to show that they, too, wish to combat pollution and preserve the environment.

Quirements.

Herr Zimmermann estimates that this new law will require companies to invest about DM 10bo by iostalling filters and 1aking other anti-pollution Who would have thought, for measures. This should create instance, that Herr Friedrich about 12,000 new jobs, be Zimmermann, the Federal Inclaims.

talist? But be has done much equipment and systems to re-

in the fight against pollution in duce emissions. Pollution con-pollution. More recently, howtrol is now a growth industry in West Germany, although quite a few companies are already in the market,

Recent technological advances

The Social Democratic Party (SPD) has also become more vocal and wants to see a more "integrated" concept of pollu-tion control. This means that polluting substances should be

polluting substances should be evoided in production processes whenever possible.

It also means, the SPD says, that the public's "disposable" habits should finally give way to "recycling" habits.

The SPD, and above all the Greens, have been critical of the huge chemicals industry, which has been trying for some time to present an image of responsible concern about the environment. environment.

Germans can now make e claim, for instance, that they personal contribution to have doubled their output in aving the forests and cleaning p the etmosphere, Herr Zimermann says in an appeal to least a third.

The chemicals companies been trying to get the food industry to do this voluntarily but has expressed disappoint the volume of emissions by at results.

Now the environmentalists:

ever, the Greenpeace organisa-tion has disputed claims that

iere ken. Soull is

men had

157161

Street ha

from the

ահ այրու

the Rhine is cleaner. Hoechst, with its quarters and vast chemicals complex near Frankfurt, has been engaged in a running battle for years with the local Greens. Some Green activists have even made it a practice to turn up at the company's annual

shareholders' meeting to argue their case. Hoechst has reacted with dismay at the prospect that a Green politician might actually become Environment Minister in the Land of Hessen. This bas seemed possible for some time as the Greens and the

Social Democrats struggled to reach some agreement about close co-operation.

Meanwhile, the food and drinks industry is coming under ettack by the environmentalists, who want to reduce the number and volume of throw-away con-

tainers.
The Bonn Government has

CRM VERMOGENSBERATUNG GMBH CAPITAL RESEARCH + MANAGEMENT

For INSTITUTIONAL INVESTORS our independent team specialises in the WEST GERMAN EOUITY MARKET

Head Office:

39-41 NEW AROAO STREET

<u>DGZ –</u> For large-scale international finance.

> DGZ, Deutsche Girozentrale - Deutsche Kommunalbank -, is first and foremost a specialized wholesale bank.

As the central banking institution of Germany's Savings Banks Organization and with a balance sheet total of some DM 30.6 billion, DGZ is associated with the immense resources of Germany's largest banking sector.

DGZ operates exclusively as a wholesale bank, serving financial institutions and corporations as well as publicsector entities.

Among its comprehensive services DGZ concentrates its activities on commercial lending in all areas of trade financing and fund-raising operations in the syndicated DM-sector Through a full-service branch and a wholly-owned subsidiary, both in Luxembourg, DGZ offers a broad range of Eurofinancing capabilities, including foreign exchange transactions and money market operations.



化多角线 计分类性 计特别性 医神经神经 医神经神经 医神经神经 医神经神经 医神经神经

Deutsche Girozentrale

Deutsche Kommunalbank

Taunusanlage 10
6000 Frankfurt am Main 1
Tel: (ff) 2593-0
Telex: 414168

The "small" team with big resources

Many banks have seen a boom in securities trading and foreign exchange transactions.

Profits rise after exhibarating year

Banking sector JONATHAN CARR

THE banks in West Germany We coming to the end of an exhilarating and exhausting year. Rarely bave so many chaoces and challeoges emerged in so short a time span. The bankers can be forgiven for hardly knowing whether they are on the crest of 2 wave or caught in an avalanche.

Taking the "bottom line" first. 1985 seems certain to be ing stock market.

The condition recovery (with about 25 per cent real increase in GNP for the year), low inflation (little more than 2 per cent at an animal rate), generally falling interest rates and a booming stock market.

another year of marked profits increase. Many banks have seen a boom in their own-account trading in securities and foreign exchange and they have also benefited from a recovery in their interest margins (the difference between interest earned and paid) after early

Moreover, there has been no new, major flareup in the intercompel the banks to add greatly to their already copious risk

returned to at the end of this

In sum, if a lot of the banks do not boost their dividends for this year, armies of share-bolders will be hotly demanding to know the reasons why. The background to this profits

rise, which is stronger than could be expected even six months ago, is steady domestic economic recovery (with about 2.5 per cent real increase in GNP for the year), low inflation (little more than 2 per cent at an animal rate), generally fall-

The Bundesbank, the central bank, faced its well-nigh traditional dilemma—bow to coax down domestic interest rates to help support economic growth, without encouraging a capital outflow (notably to dollar assets) which would markedly weaken the D-Mark.

It solved it with a combina-tion of sophisticated, relatively noiseless, open market opera-tions—culminating in August in a cut in its key discount and Lombard rates by 0.5 per cent

provision; at least there has each, the former to 4 per cent Frankfurt, as a financial centre been none so far, a point to be and the latter to 5.5 per cent. against London, New York and But the central bank was only able to take the action because Germany's economic "funda-mentals" (current account, inflation rate etc) were improving

> All that clearly counts on the positive side for the banks this year; but the impact of another key development—namely the Bundesbank's action to liberalise the capital market further—is much more mixed.

Bundesbank approval Since the start of May the central bank has given the green light to an array of finan-cial innovations, including floating rate notes, zero coupon bonds and dual-currency instruments, which it had previously opposed. That naturally gives the German banks more strings to their bows—though it caunot be said that dramatic use has

been made of this new or st weaponry so far. a let It also helps bolster the posi-tion of Germany, above all rate

Tokyo; and that in turn, on should help the D. Mark which is wby the Bundes bank has actively pursued the

"libera' sation" path.
The moves mean German
banks will in future face more and investors tended increas-ingly to see the D-Mark as banks will in future face more foreign competition on their home ground. This can be seen most clearly in the breakthrough this year, according foreign banks resident in Germany the right at long last to lead-manage foreign D-Mark bond issues. Moreover, if the Bundesbank also gives its hlessing to the use of Certificates of Deposit (CDs), as seems possible, this development on balance could prove more useful to foreign banks in Germany, rather than to the big German banks with their branch networks and army of time depositors.

time depositors. On top of that the "liberali-sation" has underlined several anomalies. The most obvious one is the Borsenumsatsteuer or stock market stamp dutya levy which means that, for example, trading in floating

where no such levy is applied. Bundeshank and commercial banks have appealed to the Bonn finance ministry to abolish the duty, but so far without discernible result.

banks cannot well afford a bit more foreign competition at home. After all, there are close to 5,000 of them with around 45,000 offices scattered across the country; they have close, often historic, links with industrial and personal customers; It is a market which has been, and remains, very hard for non-Germans to penetrate.

penetrate.
That is true — and yet the German banks have no grounds at all for complacency.

For one thing West Germany In consequence, most of the is already not simply beavily trading goes on in London banked but in some respects "over-banked" and competition between the different groups, regional hanks, savings banks, credit co-operatives and so on is intense.

For another thing the bank All the same, it might seem as a whole face new challenges fair to ask whether the German at bome, for example from banks cannot well afford a bit retail outfits and even insurance companies eyeing the "financial aervices" husiness hungrily. The threat from this quarter is not yet intense, but it is uncomfortable.

Moreover, all these changes

bave to be faced in the tougher legal context of a revised Bank-ing Act which took effect this year. The revisions mean the banks bave to meet stricter capital-to-lending ratios, and face tighter limits for individual

totals (DMm) Ranking 1984 1983 1983 232,300 1 (1) Deutsche Bank 2 (2) Dresdner Bank 160.834 141,494 3 (3) Westdeutsche Landesbank 113.530 124,160 4 (4) Bayerische Vereinsbank 5 (5) Commerzbank 122,687 6 (7) Bayerische Hypotheken - und Wechsel-Bank 105.137 97,144 104,825 7 (6) Bayerische Landesbank 88,178.9 83,653.1 8 (8) Norddentsche Landesbank 83,240 9 (9) DG Bank 7g.53g 72,741 10 (10) Kreditanstalt

(NB-All figures refer to world group balance sheets)

Nor do the banks need any reminding that the bappy con-stellation of events in which they have boosted profits in 1985 could easily change—perhaps even be reversed—in 1986. The hope, of course, is for a "soft landing" for the dollar and continued economic growth at bome, even if the German ex-

ource: Schmacke- Ole Grossen 500."

Top Ten Banks

The fear is of a slacker U.S. economy combined with budget deficit induced blgher interest rates there. That would tend to drag German rates up too, dam-pen domestic growth, and in-tensify the international debt crisis. That vision is far from inevitable—but it still serves to dampen sprilts a bit, even as 1985 profits rise.

Rush for new issues as prices soar to record levels

The Stock Market

JONATHAN CARR

WHOEVER SAID the West German stock market was dull? This year share prices have been soaring to record heights; investors seem to have come close to blows as they struggled for a slice of some enticing new issues; and, to cap it all, legal and organisational reforms are in the making which should bolster the stock market still

In the first place there is an almost ideal economic environ-ment and if most German stocks had not surged this year then the likelihood is that they never.

Exports bave continued to boom (helping pile up a visible trade surplus which will prob-ably exceed DM 70bn this year); domestic demand for capital goods has been picking up at last; the inflation rate is little over 2 per cent; banking profits look set to reach record heights and even the crisis-ridden building industry looks likely to produce some better news be-fore long.

IIIIS

Small wonder that by mid-October the Commerzbank share index had climbed to a high of 1,639.60 (compared with a low for the year of 1,111.60) bolstered by buoyant performances from most sectors including electricals, chemicals and vehi-

cle manufacturers.

Perhaps the AEG share symbolised the bullish mood best.

In mid-October it jumped past the DM 200 mark, compared with a historic low of DM 23 in 1982 as the ailing electricals glant sought court protection from its creditors. True, the main surge came on word that AEG was being taken over by Daimler-Benz-but the takeover itself was a tribute to the way AEG had pulled itself back from the depths.

A lot of the market's impetus has come from huying by foreigners who, not for the first time, seem to bave a rather more confident view of Ger-many's economic prospects than Germans themselves do. More-That is all true as far as it posses but some qualifications heed to be made all the same.

In the first place there is dollar but, later, against the other currencies in the European Monetary. System.

Bonus hopes

In other words foreign inves-In other words foreign investors in German assets including stocks could legitimately bope for a bonus on the currency slde before long. This was surely one reason why foreigners plunged a net DM 3.5bn into German shares in May-July, compared with DM 2.4bn in the three previous DM 2.4hn in the three previous

months. They also invested DM 10bn in German bonds compared with the previous record of DM 9.2bn in the last quarter of 1984.

The odd thing, and the second qualification to be made about the stock market this

did so seemed surprised by

Henkel for example, the country's fourth biggest chemicountry's fourth biggest chemicals concern, chose to issue 1.5m non-voting preference shares (the first public issue in the family-controlled company's history) at DM 285 apiece. Perhaps it would be fairer to say Henkel's advising banks proposed DM 285. At any rate the charge were immeany rate the shares were imme-diately traded at close to DM 400—as might have been suspected for "rarity" stock in

a solid concern with improving profits and good growth pros-pects. Little venture, little include Springer, the publishing group. Trinkaus, the bank, and Kugelfischer, the engineering concern, but overall the year looks set to bring far fewer stock market entrants than the

record 21 of 1984.

Moreover, for comparison's sake, it is worth noting that the number of new issues in the U.S. last year totalled 448 and in Britain 192. In other words, without underrating the progress made in the past year or two, the German stock market still bas a lot of leeway to make

way which should belp matters. In one, the eight German stock exchanges are gradually edging towards changes which could eradicate anomalies, cut costs and duplicated effort. The accent there is on the word "gradually."

While only two of the exchanges—Frankfurt and Düs-seldorf — have a sizeable turnyear, is that not more companies chose this highly favourable period to "go public." cent of the total turnover of the
Moreover, some of those which 8 exchanges last year), all of

them are proud of their tradi-tions and independence.

There is thus no question of centralising all the business, or even of eliminating any single exchange. But there are prospects of improving co-ordination and streamlining to help the Germans better face the challenge posed by London, New York and Tokyo.

The second move is being made by the centre-right government in Bonn which has long underlined its desire to promote an active stock market, although its continued retention of the stock market turnover tax tends to work in the opposite direc-

At any rate the Government is pushing through a "Börsanzu-lassungsgesetz (Stock Exchange Admission Act) aimed at making it easier for small and medium-sized companies to boost their capital base through public share issues:

So far the German market has consisted of three tiers. The top one is an official stock ex-change listing, which involves costs. documentation and other hurdles which smaller companies cannot easily surmount. On the other hand trading on the other two tiers—the overthe-counter and the unofficial marketsis not covered b provisions of the existing Stock Exchange Act and thus involve more potential hazards for in-

mere polential hazards for investors.

The Government's aim new is to create a so-called "regulated market"—in effect an unlisted securities market—below the top tier but with legal safeguards. The danger is that the lessift may be reer's complex—but undoubtedly the Government's aim is in the right direc-



Export *financing*

DM fixed rate loans

The London Branch of Bayerische Landesbank, Munich, makes specialised banking facilities available to corporate and public-sector customers as well as to subsidiaries of foreign companies in the U.K. and Ireland.

Supported by our extensive resources and experience as one of Germany's. leading universal banks, our service capabilities range from export financing packages of any complexity to medium and long-term DM fixed rate loans.

Get in touch with Bayerische Landesbank in London, and put a top German bank to work for you.

London Branch: 33 King Street, London EC2V8EE, Tel.: 726-6022, Telex: 88 6 437 baylong Head Office: Brienner Strasse 20, 8000 München 2, Tel.: (89) 2171-01, Telex: 5286270 Cables: Bayembank Munich. Branches: New York, Tel.: 310-9800; Singapore, Tel.: 2226925 Subsidiary: Bayerische Landesbank International S.A., Luxembourg, Tel.: 475911-1 Representative Offices: Toronto, Tel.: 862-8840; Vienna, Tel.: 663141; Johannesburg, Tel.: 8381613

Research makes our future secure and keeps us young.

The achievements of BASF research in past and present are a sound basis for our future. In order to stay successful, we concentrate our efforts: on research for highly refined products such as new, improved plastics, dyes and pigments; on bio and gene technology, from which we expect

decisive impulses for our activities in pharmaceutics, nutrition and plant protection. We carry out fundamental research in this promising area together with the University of Heidelberg, helping to create a research centre for molecular biology. There remains a great potential of opportunities for the future in combined application of chemistry, biology and medicine. With novel ideas, products and technologies, we will go on making our contribution to securing the nutrition and health of the world's fast-growing population.

Emphasis is also placed on devising and testing production methods of advanced technology, aimed at conserving raw materials and energy. In this way, we also increase the utility of oil as a raw material for the chemical industry, which makes for greater security of supply.

Novel and better problem solutions in our case are the result of future-oriented research in natural science and work at further technical development.

One in ten of the more than hundred thousand BASF employees throughout the world works in research and development. We invest over a billion Deutsche marks in this, annually.

As a leading chemical enterprise, we feel committed to the future - the future of mankind, his environment and our company.

BASF Aktiengesellschaft D-6700 Ludwigshafen



Turnover

Employees

of Allen Bradley to a higher bidder, Siemens has been indi-

cating interest in Gould, the

While Siemens has been gain-ing new momentum, that other

long established electrical enter-

Three years ago, AEG sought court-supervised settlement

with its bank creditors so that it

could survive. Since then, Herr Heinz Duerr, the chief execu-tive, hs presided over a steady

recovery at the slimmed-down AEG group and AEG's reputa-tion as a high-tech concern has

Germany's most prestigious and

most highly profitable motor vehicle group, has moved to take a majority stake in AEG. This step has dramatically opened up new perspectives for both concerns.

For Daimler-Benz, the link-

up would be a further broaden-

company and aircraft maker.

Daimler's plans have also

prompted comparison with similar ambitious takeovers by

General Motors of the U.S., which is laying the foundation

for an electronic link-up of all its worldwide operations.

For AEG, the Daimler connection means, among other things, financial atrength to

back up further high tech-

nology activities. Executives in both groups see many chances of co-operation between AEG

and Daimler's other enterprises, for mutual benefit.

Meanwhile, Grundig, the consumer electrooics group, is con-tinuing to reduce its losses

under the new management sent in by Philips of the Netherlands. Mr Hermanus Koning, the chief executive, now sees Grundig returning to profitability by the end of 198§.

The new broom at Grundig

has already swept away some jobs both in West Germany and

abroad, and further restructur-ing and job losses are likely in

Mr Koning believes that Europe has to come to grips

with the problem of weer capecity to the whole field of suite-vides products. He also favours a tougher policy

towards the Japanese, requiring

them to have a high degree of local content in any assembly

The European Community

electronic typewriters from involved.

has already taken action to

operations set up in Europe.

the future.

Daimier-Benz, West

U.S. electronics group.

bring of disaster,

Now,

Renewed emphasis on automation

Electronics

JOHN DAVIES

CAN AN old dog tearn new electronic tricks? The West Germans are hard at work proving to the world (and to themselves) that they can.

After agonising about the bravura of the Japaoese and the Americans the West German and the Medicans and the

the Americans, the West Germans bave redoubled their efforts in electronics and now put on a more confident showing.

Many industrial companies are applying electronics increas-ingly in their products and in their own factory and office operations. Machine tool com-panies, for instance, bave been

The federal government in Bonn has been trying to spur atong electronics research and the application of new ideas. age more medium-sized com-

design (CAD), although govern- (to store over four million bits outlay on research. Slemens is Bradley, the U.S. factory automents in other countries began of data). to give aid for this purpose

earlier.
In schools, too, there is more emphasis now on learning about computers, which are apt to be more of a challenge to teachers than their pupils.
Some politicians bave been

vocal in calling for a new hightech awareness. Herr Heinz Reisenhuber, the research minister in Bonn, bas been arguing that microelectronics creates rather than destroys jobs. Herr Lothar Spaeth, the state pre-mier of Baden-Wuerttemberg, has even published a book pointing out that Germans need a whote new outtook to make the best of the era of information technology.

All this, bowever, cannot get away from the fact that the West Germans bave some way making greater efforts to moder-nise to meet strong foreign and U.S. rivals in certain key areas of electronics research,

Recognising this Siemens, has launched its ambitious "megaproject" aimed at producing one-megablt memory One of its projects is to encour- chips (able to store more than a million bits of data) and somepanies to use computer aided what later four-megabit chips

In mid-stream though, Siemens bas turned to Toshiba of Japan for an agreement on exchanging know-how. The im-mediate upshot of this pact will be to speed up Siemens' produc-tion of one-megabit chips. In-stead of sometime in 1987, these devices should be turned out by Siemens next year.

Link with Philips

Siemens bopes that it will not lag much bebind rivals in producing these one-megabit chips. It also bas high hopes of being well up with the leaders in eventually starting production of four-megabit chips, a develop-ment project in which it is cooperating with Philips of the Netherlands.

A company with plenty of casb, Siemens bas greatly increased its investment spending
—and not just for the "megaproject." In its financial year
just ended, Siemens spent DM 4bn on investment, compared with DM 24bn the year before. It also plans beavy invest-ment spending in the foreseeable future, plus considerable

private enterprise employer, with activities ranging from semiconductors to power stations. It has been stepping up its hiring lately, but in fact has been finding it bard to get highly skilled workers.

prise, AEG, bas made a re-markable climb back from the Behind its new drive is a learly defined strategy which Dr Karlbeinz Kaske, the chief executive, is pushing through with dogged determination.

The company has singled out certain lines of business as Its top-priority growth areas. Ooe them is electronic components, to serve as the building blocks for advanced new high-technology products. The other main areas are factory automation, the office of the future, and public communics-tions networks. In addition, it bas focused on the U.S. as an area for expansion.

Siemens is going after these targets with a vigour which bas surprised many people. Dr Kaske says it is getting offers virtually every day from companies wanting to be taken over, since its highly publicised but unsuccessful offer for Alien np would be a further broadening of its base into high technology areas. Daimler took earlier steps in this direction by gaining full ownership of MTU, the aero-engine maker, and a 65.5 per ceot stake in Dornler, the high-tech research

West Germany's top 50 companies

Company Siemens Vehicles VW Vebicies Daimler Benz Bayer BASF Chemicals Chemicals Steel, engineering Energy Mining RWE Mineral of 13 16 12 11 Deutsche Shell Electricals Steel, engineering Krupp Deutsche BP Mineral oil Engineering CHH Vehicles BMW Engineering Mineral oil Esso Ruhrgas Energy Energy/oil Vebtcles Preussaz Vehiclea IBM Degus AEG Flick Electricals Holding Metals/process plant Mineral oil Metallgesellschaft Mobil Oil Food/chemicals Steel/shipbuilding Deutsche Unilever Salzgitter Benkel Chemicals Mineral oil Deutsche Texaco Philip Holamann Construction Electricals Deutsche Philips Hoesch Deutsche Babcock Saarbergwerke Engineering Klöckner-Werke Bertelsmann

SEL n.c. (not comparable)

Japanese competition.

VEW VIAG

MBB

Enka

RRC .

Batig

imposing temporary anti-dump-

ing duties, the EEC Commission brought in duties on a perma-nent basis earlier this year.

The Japanese, who deny they are dumping electronic type-writers, are contesting the duties. But in the meantime, Brother decided to set up a

typewriter factory in Wales to supply European markets, in-cluding West Germany. Triumph-Adler and Olympia have taken major steps in

recent years to adjust to the

transformation in typewriters. Triumph-Adler, for instance, has

completely revamped its Frankfurt factory and has built up a

considerable market in the U.S.

for its electronic typewriters. Triumph Adler turned out to

be a beavy loss-maker for Volkswagen, the motor vehicle group, which took it over in an

unfortunate diversification move

some years ago. At that time,

it was not clear to everyone just

how dramatically typewriters

protect European makers of ment and financial risks were

Bayernwerk

After

Hochtief

Schering

end- % change 1984 over 1983 78,795 — 0.8 319,000 1.9 DM over 1983 48,611 45,819 1.9 2.9 8.1 Energy/oil/chemicals 45,671 199,872 43,505 43,032 42,596 174.755 15.3 14.9 11.5 14.3 11.0 21.9 12.5 13.9 5.6 1.5 115,816 0.0 4.5 26,759 135,857 4,129 134,571 66,320 - 41,000 7,045 - 9,7 18.679 18 239 17,587 16,645 73,917 17.5 12.0 7.3 15.0 10.1 -12.4 - 4.3 6.2 0.2 16,484 2.938 9.7 20.181 - 1.2 14,819 13.73512.785 Computers/electricals
Precious metals/chemicals 11,277 11,122 11,015 10.516 10,491 2,378 - 3.0 29,252 - 4.8 45,920 - 10.8 9,671 9,466. 9,427 45,920 - 16.5 31,613 - 2.8 4,181 - 7.2 35,700 - 5.9 34,600 8.1 9.343 9.075 9,073 8,133 7,488 7,251 7,012 6,992 6,728 33,500 - 5.1 23,684 - 5.97.6 - 12.9 7.8 3.5 1.1 3.2 2.7 18.7 16.2 4.2 4.1 - 2.7 31,946 31,639 Publishing 7,353 20,979 Energy Holding 35.485 Астопрасс - 3.7 - 0.9 Engineering Chemicals 34,520 9,469 Energy Construction 30.388 23,039 36,050 4.888 4.816 Chemicals/pharmacenticals Electricals 1.0 Rolding 31,041 Electrical Source: Die Zeit.

The Banco de Bilbao Group, one of the largest financial groups in Spain, has just opened Affiliated Banks in Switzerland and the Federal Republic of Germany. Two new links in its long-established international chain which comprises over 1,700 offices in Spain and more than 40

around the world. The Banco de Bilbao Group can offer you its international services in France (12 branches): the United Kingdom (5 branches); the United States (New York branch* and Miami agency): Grand Cayman (1 branch); Milan (the only Spanish bank with a branch in Italy). Its other

located in Jersey, Panama and Andorra, and its Representative Offices in Portugal, Mexico. Colombia, Venezuela, Brazil,

Arrentina and Ja In this way, the Banco de Bilbao Group places at your disposal a quick and efficient banking network, which can attend to all your business requirements almost anywhere in the

Contact the Banco de Bilbao.

Member of the Foliant Deposit tensions Corpu

BANCO DE BILBAO DEUTSCHLAND AG P.O. Box 100339. Schillerstrasse 25 D-6000 FRANKFURT AM MAIN (West Germany) Tel. 20861. Telex 414946

BANCO DE BILBAO (SCHWEIZ) AG Todistrasse 60 CH-8039 ZURICH. (Switzerland).



JOHN DAVIES

Chemicals

IN QUICK succession, BASF has bought up a string of businesses in the U.S. and Britzin this year. In the midst of it all, it has raised DM 760m in cash from shareholders through a rights issue.

These moves are among the more dramatic signs of efforts being made by the West German industry to build on its good fortuoes of the last couple of years and to strengthen its

position in the future.

BASF's acquisitions will not only mean a big jump in its world sales. According to Dr Hans Albers, the chief executive, they will also strengthen BASF's earnings potential in the years shead.

Executives at BASF put a lot of emphasis on the com-pany's takeover of the carbon fibres and associated operations of Celanese Corporation of the strong year on top of their U.S. these fit in with BASF's rapid gains of 1983 and 1984. efforts to build up its position Even so, intense efforts have in markets for new materials, with the aerospace industry among its targets.

With its action of the strong year on top of their their specific part of the strong year on top of their strong year on top of their specific part of the strong year on top of the strong year on top of the strong year on top of their specific part of the strong year on top of the y

With its \$1bn purchase of Herr Herman-Josef Stren-Inmont, the car paint and print-ing links company, it has paid says that one of the company's for a substantial market share main objectives is to bring in operations which it sees as about a sustained improvement benefiting from its technical in its earnings ability.

over America Enka, the U.S. industry has left pressure on fibres subsidiary of Akoso of the Netherlands, although the to sales revenue. "Our aim is move bas been under close to get back to and if possible scrutiny from U.S. cartel exceed the level of the early officials. On top of tbat, it 1970s," says Herr Strenger. bought the Seal Sands chemical All three big chemical complete the same waste major re-

that thinking, the Seal Sands to boost takeover will broaden its supply set in. of intermediate products for But

German chemical companies, Bayer and Hoechst, it is also aiming at more advanced pro- ably the Middle East. ducts with high value-added. To As part of the latest restruction of DM 9.3bn tast year. But after varying degrees, all three are turing efforts. Hoechst decided 109 years of operation, it was aimling, too, to build up operation of still a family concern owned by



Big three go for higher earnings

Dr Hans Albers, chief executive of BASF (left), and Hermann-Josef Strenger, Bayer's chief executive

tions in the big U.S. market. Bayer has already established diversified interests in the U.S., including Mobay Chemical, Miles Laboratories and the operations of Agfa-Gevaert, its photographic and information technology subsidiary. All of West Germany's "big three" chemical companies

BASF also moved to take than 10 years ago, the whole over America Enka, the U.S. industry has felt pressure on fibres subsidiary of Akoo of the Netherlands, although the move has been under close. The sales revenue. Our aim is plant in the UK from Monsanto
of the US.

Part of BASF's strategy has
been to strengthen its raw
materials business. In line with
materials business. In line with
that thinking, the Seal Sands to boost earnings since recovery

But the European petrochemical industry is facing But like the other big West some renewed pressure now that companies, new production plants are coming on stream elsewhere, not-

polystyrene. It agreed to sell its polystryrene plants in the U.S. to Huntsman Chemical Corpora-

to Huntsman Chemical Corporation and soon afterwards announced it was negotisting the
sale of its piant at Breda in
the Netherlands to Sheli.
Overall, the West German
chemical industry has reported
continued growth in business,
although the growth rate bas
moderated now that activity has
already reached a high tempo.
Production in the first nine
months of this year was 2.9 per
cent ahead of the same period
last year. By comparison, production grew by 5.2 per cent in
the whole of last year and by
7.3 per cent in 1983.
Exports have continued to

Exports have continued to provide the strongest stimulus. The chemical companies found that demand within West Germany was muted during the first quarter of this year, partly

because the building industry was in the doldrums. Since then domestic demand for the chemical industry's pro-ducts has picked up. It has been spurred along by a slight uplift in consumer spending and by the hefty apsurge in industrial

With the stock market in good form, the long-established Henkel chemical company made the historic step recently of opening itself up to private investors.

The company, linked with the invention of Persil washing powder, has developed into a diversification group with sales of DM 9.3bn tast year. But after still a family concern, owned by

from the founder, Fritz Henkel. The public share offer raised well over DM 400m in outside funds, which will belp it to pre-pare for expansion and the challenge of tough competitors. With its launching on the Stock Exchange, the price of its non-voting preference shares surged well ahead of the placement

Solar energy equipment from Siemens will provide

power in Middle East countries ...

Another of West Germany's moderately sized chemical and pharmaceutical businesses, the Berlin-based Schering, has been continuing to move ahead, with the U.S. one of its main targets.

Although a diversified chemi-cal group, Schering is also by far the market leader for oral far the market leader for oral contraceptives in Europe, it is preparing now to enter the U.S. oral contraceptives market, where it sees much potential.

Schering lost its original U.S. operations as a result of the second world war and these developed into Schering-Plough of the U.S.

But in the last few years the Berlin-based company has regained a strong foothold in the U.S. From almost nothing ten years ago, its North American sales bave grown to 20 per cent of the group total.

of the group total.

Special Subscription Hand-delivery Service of the FINANCIAL TIMES

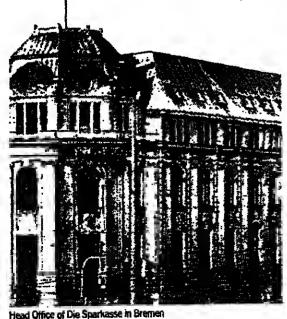
BONN COLOGNE DUSSELDORF EINDHOVEN **ESCHBORN** FRANKFURT HAMBURG HESSISCHE BERGSTRASSE HOECHST NEUSS **OFFENBACH** RUESSELSHEIM

STUTTGART VIENNA · For more information about the hand-delivery service or subscription rates ripilon rates, contact. Bernd Wokurka Financial Times (Europe) Ltd.
Guiolietts(rasse 54

6000 Frankfurt/Main t West Germany Tel: 75980 Telex: 416193

Tel. 202 65 00. Telex 57074

We in Bremen ... have, for generations regarded ourselves as a bridge between world ... have, for generations regarded



markets and the German market. As a centre for the international trading of commodities of coffee, tobacco, cotton, timber, machinery and many other products, Bremen plays a part of major importance in international commerce. And as Bremen's longest established bank, our task is to make sure that business abroad has easy access to West Germany's internal markets, establishing contacts between potential business partners, financing projects of every size and description and handling all aspects of payments from one country to another. Our worldwide connections with about 600 banks in more than 50 countries and the experience of our specialist staff together provide the basis for our international services. Contact Sparkasse in Bremen and you will soon be convinced that you've chosen the right people to help you achieve business success here in Germany.

Die Sparkasse in Bremen

Foreign Trade Bank since 1924 S.W.I.F.T. Address: SBRE DE 22 Telex: 174212010 Tel. (421) 1792187 P.O.Box 107880 · Am Brill 1 - 3 · 2800 Bremen 1, F.R. of Germany

Daimler-Benz roars into its second century

Vehicles JOHN DAYIES

DAIMLER-BENZ—elite, proud, technology-driven and a shrewd operator into the hargain-is gearing up for centenary celebrations next yeer but the company elearly has its sights eet well into the second century of the automobile age.

In a series of moves this year, each more dramatic than the other. Daimler-Benz has set about broadening its technological base to ensure its preeminent position.

eminent position.

First, it snetched the opportunity to buy out its equal partner in MTU, the aero, marine and industrial engina maker. Then it anapped up a 65.5 per cent stake in Dornier, the high-tech research company and light aircraft maker. More recently, catching virtually everyone unawares, it launched a bld to buy a majority stake in AEG, the electrical concern. These moves beve come while

the West Germen motor vehicle industry is still catching its breath after some turbulent times. The industry was hit by labour troubles last year and then faced e domestic market

then faced e domestic market that was upset by confusion about pollution controls.

Daimler-Benz, bowever, is one of the companies that came through it ell with flags flying. It increased protis last year despite the industry-wide strike, and in the depths of the domestic market chume coulder. domestic market slump earlier this year, it was alone among German companies actually increasing its local sales.

Its takeover moves, according to Daimler executives, are all part of a carefully worked out strategy for the long term. Having set their objectives, Daimler board members have pounced at the time appeared

ripe.

They have been at pains, however, to stress that Daimler is not really changing its colours. Despite diversification, it is still basically a motor vehicle concern and reckons it will remain

What's more, argue there are still plenty of growth prospects for cars, especially in the quality market segments. __that___Display.

straddles.

Even the commercial vehicle market, which has shrunk in recent years, is one that Daimler cultivates world-wide with moderate optimism. world-wide

Daimler aims to branch out into high technology areas of various kinds and with good such operations would be fairly independent, it expects to see some co-operation in research— and the results could well include spin-off benefits for motor vehicle technology.

After ell, the Wesl German vehicle makers pride themselves in being world leaders in auto-

qualitative growth is going to be even more important for the motor vehicla industry in the future. Electronics and new materials could play a greater future. role in the motor vehicle. Electronic maps and guidance systems, for instance, are among projects which research scientists have been puzzling

There is also the notion that the electronics and communicathe electronics and communica-tions revolution will land to e new world of computer inte-grated manufacturing. This could amount to an electronic link-up of all stages of produc-tion—all the way from research and design to assembly and delivery to customers. Com-ponent suppliers could also be drawn into sucb an electronic-ally co-ordineted system. ally co-ordinated system.

Genaral Motors of the U.S. alreedy seems to be taking steps inspired by such thinking. It has moved into high technology acras by taking over Hughes Aircraft Company and Electronic Data Systems (EDS).

With its hid for AEG, Daimler-Benz's moves bave inevitably been compared with the ambitious plans of General

Looking ahead to its automobile centenary celabrations next year, Daimler has been giving broad hints of generous treatment for its shareholders to mark the occasion. In any case, it is bound to use the centenary to give further shine to its image.

The trend towards diesels is part of the reason for Volks-wagen's strong showing this year. VW'e domestic sales

Professor Werner Brelt-schwerdt, the chief executive has already indicated that Daimler is planning another substantial increase in car production next year. To make this possible, it is expanding capacity at its plant in Bremen. The result was to give VW a marrow edge over competilors to become European market

mobile technology and Daimler's moves show a determination to stay a jump ahead.

Many people believa that qualitative growth is going to This plant bas been built up leader in the first half of this year.

VW has been striving to expand output to keep up with the pand output to keep u

been making rapid strides during the course of this year after e besitant start to its domestic sales. BMW was ona of the companies to feel the impect of a sharp drop in orders early this year as West German motorists reacted to confusion about government plans for tighter exhaust emission controls.

Along with its Andi subsidiary, VW has been staging a strong profit showing this year earnings exceeding the total for the whole of last year.

The U.S. owned mass production carmakers in West German carmakers in West German carmakers in West German carmakers.

BMW accelerates

But with the whola domestic market soon picking np egain, BMW has been strongly regaining ground, it has also leunched a number of new models, including a diesel version of its

Diesels have greatly increased in popularity in West Germany this year. They made up 20.6 per cent of all new car registra-tions in the first eight months of this year, compared with 12.5 per cent in the same period last

Many motorists have turned to diesels as the answer to doubts about bow to react to the controversy about pollution

assembly works along with Sindelfingen, near Stuttgart.

Part of Daimler's good fortune springs from the success of its compact class vehicles, which have ettracted new buyers to its orbit. It has also been among the main companies to henefit from the long panies to henefit from the long the block work of later and the company has stepped up hiring new workers.

investment driva to remove bottlenecks in assembly opera-

Along with its Andi sub-sidiary. VW has been staging a strong profit showing this year with its half-year earnings ex-ceeding the total for the whole

The U.S. owned mass produc-tion carmakers in West Ger-many, Opel (the General Motors subsidiary) and Fordwerke, have been wrestling with major problems, in the wake of their heavy losses last year. Their position was made more difficult by the wrest in the domestic by the upset in the domestic market, coming on top of the already intense competition and

pressure on margins.

Porsche, the elite sports car
maker, reported a further hig
increase in sales revenue in its financial year ended in July. Although it did not disclose its hittongs at that stage, it benefited strongly from the surge in sales in the U.S. (its biggest market) and from the high dollar.

Overall, West Germany could turn out a record total of more than 4m cars this year, if the industry's expectations are fulfilled. Exports have been taking more than 60 per cent of car production this year, offsetting year. VW'e domestic sales slipped much less severely than the market as a whole earlier this year, while its sales in the disarray in the local market. Although the prospect of windfall" profits from a high dollar have been receding, the indistry has been looking with more optimism to the home man ket, as well as to other Euro-



Daimler-Benz Mercedes car assembly line at Sindelfingen, near Stuttgart.

The company is broadening its technological base

Controversy over Kalkar fast breeder reactor

Nuclear energy Issue

JOHN DAVIES

COULD West Germany simply ebandon a project built over 12 years et a cost of DM 6.5hn (\$2.46bn)? Critics of the fast breedar nuclear reactor at Kalkar have been arguing for

The controversial nuclear project is on the verge of completion. If the authorities give the final go-ahead, the reactor could soon take fuel supplies and begin producing electricity. But Kalker has become a highly emotional word end the project is well and truly caught up in political manoeuvring. Experts doubt whether the critics can really stop the project now that it has gone so far, but delays and legel wrangling could he shaping up.

Nuclear projects heve elready provided a fruitful source of ectivity for lawyers and courts in West Germany over the years. There have also been violent clesbes between police and anti-nuclear demonstrates at eonstrucbeen violent clesbes between the state refused to give the police and anti-nuclear demonstrators, at times at constructional go-ahead, the Federal Government could intervene to

Even so, nuclear power has made a lot of headway and bas become a substantial seurce of the country's energy supplies. France and Belgium have gone even further, but West Germany nevertheless meets about a quarter of its electricity needs from nuclear power.

West Germany now has a network of 16 nuclear power stetions. plus three experistetions. plus three experistetions. plus three experistetions are underway; but there is still an undercurrent of opposition which continues to create the same goahead, tho Federal Government could intervene to ensure Kalkar started up.

For the state government, lands is e stinging nettle. It is cannot simply switch ground it without preparing a case but it is has e lot of doubts about the project.

While strands of opinion in site of the SPD are fatly egainst the Kalkar, some politicians are goalistic and the shoulders of the Federal Government in expensibility for Kalkar's started up.

problems for the nuclear considerable doubts about the state of the the state of

Much of the opposition et me moment is being directed et will be done with radioacuve moment is being directed et will be done with radioacuve moment is being directed et will be done with radioacuve will be done with radioacuve utilities in negotiating the projects labelled as potential waste from the fast hreeder?

On top of that, he points ont, terms for using reprocessing there are no longer fears of a second world scarcity of uranium for more conventional nuclear favour of permanent storage of spent fuel rather than reprocessing. Which it rejects fast breeder reactor et Kalkar. The Kalkar project has gone

ahead atep by step under the aegis of the local SPD Government of the state of North Rhine Westphalia, but in recent times etate politicians have been steadily distancing themselves from 16 selves from lt.

Support in Bonn

State authorities are respons-lbla for overseeing and approv-ing various stages of the con-struction project but nuclear experts point out that even if

would be damaged if it failed
to go ehead. After all, the
Netherlands, Belgium and
Britain bave heen involved in are preparing to mount further

Experts argue that stringent safety precautions have haen china? The Bonn Government taken. They also point out that broad agreement has been reached with France about fael or nuclear waste to be handling fast hreeder nuclear sent to China. Electricity will the company of th

The whole question of nuclear fuel has been under much discussion in West Germany. With the network of and experts have been seriously power stations building up, so weighing up the possibility of too is the output of spent nuclear fuel, as well as various to China, perhaps on a trial kinds of contaminated waste.

Should this spent fuel be re-

The nuclear industry has responded by arguing that Kalkar, backed hy public and private money, is a significant technological project and that West Germany's standing abroad would be damaged if it failed to go ehead. After all, the

In the meantime, what about China? The Bonn Government

utilities, too, professed to be of fairly unenthusiastic. der The idea has evidently been gaining some ground, however,

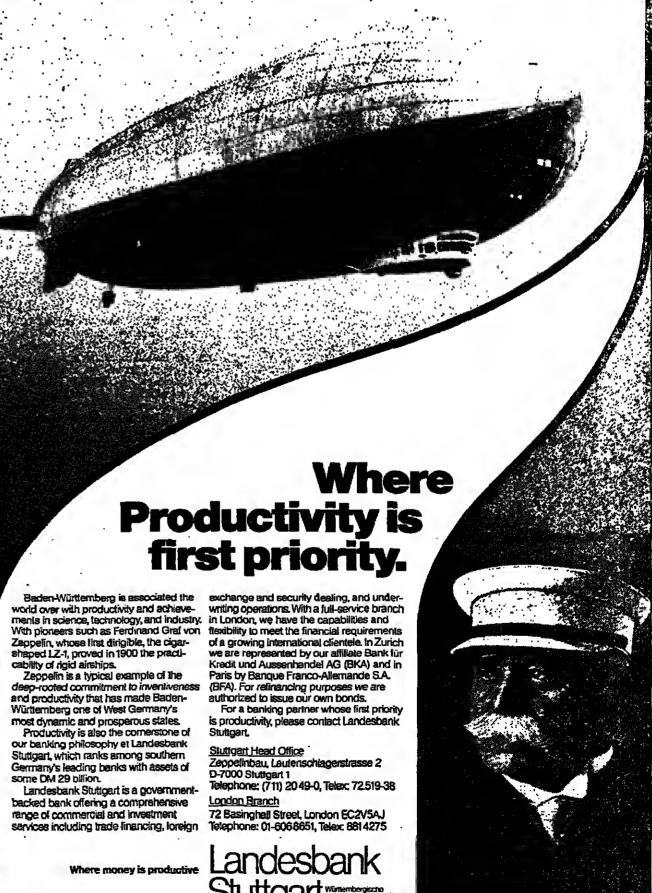
Should this spent fuel be reprocessed for further use or
should it be stored permanently, presumably deep underground? Should it stay in West
Germany or go to France, China
or elsewhere?
France and, to a lesser
extent, Britain, have agreed to
taks spent nuclear fnel from

basis.

The Chinese have been keen
to build nuclear power stations
and Kraftwerk Union, the
Siemens subsidiary, has been
vying strongly for business.
The Chinese have been keen
to build nuclear power stations
and Kraftwerk Union, the
Siemens subsidiary, has been
vying strongly for business.
The Chinese have been keen
to build nuclear power stations
and Kraftwerk Union, the
Siemens subsidiary, has been
vying strongly for business.
The Chinese have been keen
to build nuclear power stations
and Kraftwerk Union, the
Siemens subsidiary, has been
vying strongly for business.
The Chinese have been keen
to build nuclear power stations
and Kraftwerk Union, the
Siemens subsidiary, has been
vying strongly for business.
The Chinese have been keen
to build nuclear power stations
and Kraftwerk Union, the
Siemens subsidiary, has been
vying strongly for business.
The Chinese have been keen
to build nuclear power stations
and Kraftwerk Union, the
Siemens subsidiary, has been
vying strongly for business.
The Chinese have been keen

Landesbank Stuttgart

Beiling Iracle Fair and Convention City The year's leading events International Green Week, Jan 24-Feb 2, 1986
A major International exhibition dealing with agriculture and forestry, as well as horticulture and the foodstuffs industry. International Tourism Exchange ITB Berlin, Feb 28—Mar 6, 1986
The world's largest travel trade fair, with exhibitors and trade visitors representing every sector of the domestic and foreign lourism industries. The objective is to promote lourism on an international scale, to Intensify consumer information and to facilitate the exchange of Information between travel trade professionals. Overseas Import Fair, Sept 3-7, 1986 "Partners for Progress" A trade fair not restricted to any specific sector, providing a comprehensive display of consumer goods offered by overseae manufacturers and exportere and tended for the European market. The leading event of its kind for the supply of goods from overseas and Europe of goode from overseas and Europe. International Audio Video Fair Berlin, Aug./Sept. 1987
The largest exhibition in the world for the international consumer electronics sector, and a leading venue for developing contacts and sounding out the market. It paves the way for new media and suppplies information about the work of the broadcasting authorities and the post office. **International Congress Center Berlin** One of the world'e great meeting places. With ite multifunctional facilities and full-range services, the International Congress Cenier Berlin provides a versatile showcase for events of every size and scope. Whether it'e a large international congress or prolessional meeting, a lorum or company event, sponsors and participants alike find ideal conditions here.



As everywhere in the world. there are some less broad-minded people in Germany as well as those who think and act on a more global basis.

The latter are, in any case, the more interesting Germans for you - as business partners, consumers of your products and services, as opinion leaders for your company's image, etc.

Talk to them by advertising in DIE WELT!

DIE WELT has the most extensive network of foreign correspondents of all German newspapers. It enjoys a world-wide reputation and reaches readers with a global background - your ideal partners!

is a must for your advertising if you wish to reach Germany's opinion leaders.

Do you require additional information? Then please contact:

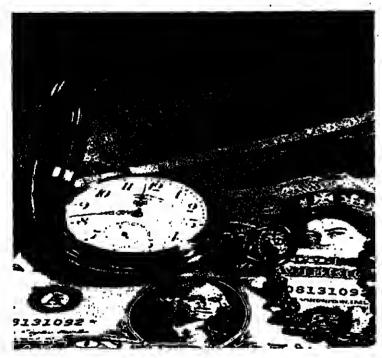


The Axel Springer Publishing Group, Kristian Wentzel 58, Jermyn Street, London SW IY 6PA Telephone: 499/2994/5 Telex: 267627

DIE WELT, Anzeigenableilung Telephone Hamburg: 3474431

_____.

Good timing in multicurrency investments has always been second nature to Merchant Bankers.



Historically, by the very nature of his relationships with astute investors, and his own direct investment undertakings, the merchant banker has always been active in international capital markets. Consequently, portfolio management has traditionally been an integral part of merchant banking. Since the mid-nineteenth century

merchant bankers have been prime movers of German industry and commerce, and the traditional source of investment management and advice for entrepreneurs.

In these times of rapidly shifting in-vestment patterns, it is essential for the institutional as well as the private investor to have a portfolio advisor who can react quickly, based on a thorough understanding of markets around the world. At BHF-BANK, a leader in German merchant banking, providing

professional investment services has been a proud tradition for more Today, the Bank's staff of expert portfolio management pro-fessionals provides timely advice to both institutional and private in-

stors, formulating and implementing strategies consistent with individual investment goals.

Whether your requirements call for a spreading of currency risk, nr for a maximization of either growth or income, or for a tailor-made strategy combining all of these elements: Let BHF-BANK put its ex-

For the flexibility and commitment of a bank personally managed by its general partners, rely on a merchant banker BHF-BANK.

Merchant Bankers by Tradition. Resourceful by Reputation.

HEAD OFFICE: Bockenhaimer Landstrasse 10, D-6000 Frankfurt 1, Telephone: (089) 71 80, Telex: 41t 025 (general), Telecopy: (059) 7 18-22 96
BRANCHES: New York - Grand Cayman - Singapore - Tokyo. SUBSIDIARIES; - Luxembourg - Jersey - New York - Zunch
REPRESENTATIVE OFFICES: Bogota - Johannesburg - London - Los Angeles - Madrid - New York - Rio de Janetro - Singapore - Tehran - Tokyo

Powerful newcomer will sharpen competition

Aerospace

RUPERT CORNWELL

WEST GERMANY's aerospace industry, reduced to nothing after the last war, still ranks a distant third in Europe, behind those of Britain and France. But in the last few months it has acquired a hugely powerful newcomer, whose arrival could sharply charge its lenger-term prospects.

arrival could sharply charge its longer-term prospects.

The newcomer is Daimler Benz, the car, bus and torry-maker which is the country's fifth largest industrial concern. In the space of two months earlier this year it swooped twice to scoop up outright control first of Motoren-und Turbinen-Union (MTU), the dominant West German aeroengine manufacturer, and then of Dornier, the family-owned aircraft producers.

In doing so, it created a second concentration in the industry to challenge Messerschmidt Bölkow-Blohm (MBB). Admittedly the two purchases

Admittedly the two purchases

for an estimated cost of
some DM 1hn — will still leave
the Daimler aerospace stehle a
long way behind MBB, with its
annual sales of over DM 5.7bn.

annal sales of over DM 5.7bn.

"Nothing much is likely to change in the short term." comments Herr Arno Schmitz, of the German Aerospace Industries Associetion in Bonn. But from a longer view point, the injection of the financial and managerial resources of Daiwick Bear, into Downer, can Daimler Benz into Dornier can only help build the latter into a potent and — many would say — needed competitor to

It will also give extra edge to the not always friendly high-tech rivalry between Baveria and Baden-Wurttemhurg, the two boom states of the German south. MBB has long been a particularly favoured child of Herr Franz-Josef Strauss, the powerful CSU leader, Premier of Bavaria, amateur pilot and an aerospace devotee of long-

Work on Airbus

MBB is the prime German contractor for Europe's largest civilian and military aerospace joint ventures, the European Airbus and the three-nation Tornado respectively. Both had encountered a flat patch. But the fortunes of Airbus, in which MBB has a 37.5 per cent stake, have picked up, not least because of the interest attracted by the planned A-320 narrow bodied jet.

Production of Tornado moreover is now certain to stretch beyond the original date of 1989, thanks to the first, longewaited, export orders. But thereafter?

Both MBB and Dornier are

thereafter?

Both MBB and Dornier are bound to be involved in the pianned European Fighter Aircraft (EFA), to ba developed by Britain, West Germany, Spain and Italy. But the EFA will not be flying until the mid-

It is also a smaller aircraft than Tornado, and wilt therefore not provide as much work. MBB is aiming to take up most of any slack through its non-aircraft activities, including helicopters (and the Franco-German PAH-2 activities believes a project). anti-tank belicopter project), high speed transport systems, and spece, through its MBB-Erno subsidiary.

Today, according to Herr Schmitz, space-related business provides 4,300 jobs directly, and

those of Herr Strauss.

For its part, MBB chalked up a smaller victory of its own in 1985 by taking an indirect hut nonetheless influential holding in the Krauss-Maffei defence concern, previously part of the privately-owned Flick industrial groop.

This increasingly politicised facede has not disguised the reality which the German aerospace manufacturers, like their counterparts everywhere, are facing: the problem of maintaining a steady flow of work to support the 71,000 jobs provided by the Industry. The omens presently are mixed.

Work on Airbus

Work on Airbus

wirtually German Space-lah on board), Bonn's space programme is unlikely to be a major supplier of joba. For its part also, Dornier is for its part also, Dornier is ferman Alpha-jet trainer programme is close to the end of its life, hut the company is active in the U.S. space-lah and European Ariane projects, as well as the future FFA, end is e major contractor in the European remote sensing satellite (ERS-1) programme.

It is also responsible for the DO-228 general transport aircraft, of which 94 have been sold, and a further 23 taken on option. The plane moreover will be huilt under licence in India. It is a measure of the limitations of the country's aerospace

Germany has hought its ticket to the top table of the international industry by sharing in joint ventures, which in any case had gradually become the only practical means of launching major projects. But the device serves another purpose

If military equipment now accounts for 50 per cent of aero-space business, that is not least hecause shelter within multi-national ventures allows German manufacturers an access to foreign sales which the tight restrictions on arms exports here would make impossible, were the country acting on its

72 Tornados (in which tha German participation is 42.5 of Bavaria, amateur pilot and an aerospace devotee of long-standing.

Dornier and ebove all for all its hi-tech glamour, govalure are hased in Baden-Württemberz, the flef of Herr Lothar Spathe, the state's CDU Prime Minister, whose ambitions equal provides 4,300 jobs directly, and German participation is 42.5 grants and content are larged from the state are included. But case in point. The deal went through with comparatively ernment backing and the transition from the experimental to the commercial stage (on Spathe, the state's CDU Prime October 30 the U.S. shuttle munitions plant to the same Challenger will lift off with a country, just a few days later.

Recovery follows years of losses

ETTHER West Germany's steel-makers have developed to a makers have developed to a fine art the practice of putting the worst possible face on to the best possible news, or they really ere, as they claim, a healthy and vibrant species faced with an extinction as rapid and mysterious as the dipareter.

dinosaur,
After a miserable few years,
culminating in widespreadlosses in 1983, all the major
producers recovered last year. producers recovered last year.
Thyssen turned e 1983 loss of
DM 416m into a DM 176m profit
in 1984. Krupp Stahl, which
lost DM 287m in 1983, made
DM 21m last year. Hoesch
improved its operating profit
from DM 31m to DM 182m, and
plans to pey its first dividend
since 1976 next year. KloecknerWerke lost DM 189.7m in
1982-83, hroke even (though its
steelmaking division continued
to lose) in 1983-84 and expects
to have made an operating profit
for its 1984-85 year, which ended
on September 30.
Total West German cruda
steel output rose 10 per cent

187

Total West German cruda steel output rose 10 per cent to 39.4m tonnes last year and will rise to just over 40m tounes this year. Exports rose 17 per cent to 12.9m tounes in 1984 and will reach 14.2m tounes over the next two months. utilisation of steelmaking capacity (a difficult massurement in the steel industry) is said to have risen to 76 per cent this year from around 70 per cent in 1984.

The steelmakers, however,

The steelmakers, however, are not to be found chortling over their balance sheet and production figures. Instead they are to be found on platforms railing against government "soft headedness," in the "soft headedness," in the European court complaining about subsidies, pounding tables in Brussels in an effort to stop moves to liberalise the heavily regulated European steel market and worrying among themselves about protectionism

> Steel PETER BRUCE

Being mostly public comtheir /European, competitors,
state-tweed ribes Germans all
live with the same nightmarehigh subsidies in France. Italy
and Belgium make it difficult
to compete fairly. The government in Bonn, despite an
apparent ideological abhorrence
of state aids, approved a "final"
interior in March this year of injection in March this year of DM 9bn in subsidy to these countries through the European countries through the European
Commission: that same commission is now trying to lift production (and in some cases even
price) controls on structural
steets, wire and coated sheets
which the Germans say would
encourage subsidised producers
to caise offput and out nives.

to raise output end 'ut pinces. Neitcar is there any justice. Earlier this month the European court threw out a complaint by West Cermany about the way the commission has been authorising subsidies of

heen authorising subsidies of the country's competilies. Even more wortying must be the fact that while there is growing evidence of a broad recovery in the domestic economy here—after two years in which gross national product growth has been almost entirely due to a dollar-led export boom —domestic consumption of steel

domestic consumption of steel is hardly rising.

While the motor industry is heading for probably another year of record profits, carmakers are also using lighter steels and any value-added advantages to the steel producers are being squeezed by imports. And the construction industry, the most important steel ronsumer, remains in crisis and is only taking part in the recovery to the extent that crisis and is only taking part in the recovery to the extent that the three-year plunge in con-struction orders has slowed slightly. Steel imports, about 40 per cent of total consump-tion, continue to rise, by about

3 per cent this year to 9.6m tonnes.
The steelmakers, however, claim to have done all they can to cut capacity and meet the real demands of the market. Capacity has been cut by 6.3m tonnes from 53.1m tonnes in 1980—more than demanded by the Commission as it implemented its long-running regime designed to stage a managed run-down of capacity through-Having been caught once at being the best manufacturers of machines no-one wanted to buy, the West Germans are highly unlikely to find themselves in the same predicament again—at least in the foreseeable future. "We are watching the Jepanese," says Herr Maeschke, but like many of his capacity through out the European community. Producers say the remaining gap between available domestic capacity—46.5m tonnes—and the same preduced if EEC steel subsidies were cut off (as planned in 1986) and the Germans could then be given the same access.

But that is probably not how German producers believe they fece subsidised competition for consequently lower volumes. Of fece subsidised competition for British and other European years to come and the truth is that they are not doing toe discussion.

That mey be complacency, and there does remain a high element of risk in the business.

That mey be complacency, and there does remain a high element of risk in the business.

Fresh attack on Japanese in electronic control techniques

Machine tools PETER BRUCE

ABOUT A YEAR ago, West Germany's machine tool industry took out a series of advertisements in newspapers across the nation to announce, in effect, "We are back."

At first sight, it was an eccentric thing to do. The country had for years been one of the great machine tool producers in the world, and it remains tha world's higgest exporter of machine tools. exporter of machine tools.

"When we went selling in the Soviet Union, Ministers there knew what a machine tool was. After our campaign, Martin Bangemann (tha West German economics minister) also knows what a machine tool is," one producer says.

cellor Helmut Kohl's Cahinet was probably only secondary to the campaign. The industry, mostly a fragmented collection of privately owned companies, bad been to its own equivalent of hell, survived, and it wanted to show off a little.

Squeezed between the problem very fast."

Herr Betz says the Japanese did two scary things: they started first with a new generation of CNC controls but more importantly, they introduced a much greater proportion of the controls of the controls of the controls of the control of t

Squeezed between an on-slaught on its domestic and international markets by Japanese producers; and a dearth of orders at bome, the industry shed 20,000 jobs betweeen 1980 and 1984. About 30 manufacturers are thought to have been swallowed up by competitors or disappeared altogether. Until last year, most of the industry was making losses.

But a machine tool producer would be in the wrong business if the industry's traditionally stomach-churning business cycle proved too daunting. Whet was different this time was a sharp attack by the Japanese, particularly in compuler numerically controlled (CNC) lathes and machining

centres.
The story of how the Japanese invaded Europe with mass produced, cheep, reliable, colourful machines towerds the end of the 70s is an old one. The fact that they scared the Germans, who in the scared the Germans, who in the main concentrate on specialised machines with small markets and, hence, small volumes, has also transformed many of the companies. Scharmann the companies. Scharmann the companies of the companies. been stoically hidden.
The German industry com-

missioned a study on the ducer of conventional boring Japanese attack. Herr Werner machines, It first tried to meet Japanese attack. Herr Werner machines, it first tried to meet element of risk in the business, uponestic steel industry, is snow-shall, owner of one of the the Japanese head on by concountry's most successful verting, through the application of new electronics, e range you also have to be a bit lucky."

Japanese attack. Herr Werner machiness, it first tried to meet element of risk in the business, uponestic steel industry, is snow-work," says Herr Babel. "building centre producers, tion of new electronics, e range you also have to be a bit lucky."

Maho (which is an exception of boring mills to mechining to the German rule in that it centres, "It was e failure," says mass produces), says thet after Scharmann's sales manager, reading it "we were surprised at the broad and deep marketing success of the Jepanese." Scharmann has now devoted itself to building facility and the life of the l There was worse to come in the report. "We found out we

an answer, but it, and its recommendations, remain

was the sophistication of electronics in the Japanese machines. "It was overwhelming" says Herr Helmut Betz, chairman of Ingersol's manufacturing operation in Germany, "but I think the West German machine tool industry has overcome the problem very fast."

tion of CNC controls hut more importantly, they introduced a much greater proportion of "in-line" testing during production. Where most European and American producers would deliver a machine to a customer and then spend a month getting the bugs out of the system, Japanese competitors were able to deliver and walk away.

Lively reaction

Herr Simon van Kempen, chairman of Traub, one of the country's higgest turning machine producers, remembers that his company was making a world-beating 60,000 automatic lathes a year when the new electronics began to amean electronics began to appear. Traub's reaction, faced with

a potentially fatal threat to its export business, was typical, at least in its speed. The group invested DM 10m five years ago in the development of a new machine, the TND 350 and hegan funding private research at a university close to its head-quarters near Stuttgart. Ironically, it teamed up with Mitsuhishi to develop a new control which would leepfrog

used to be a fairly dull pro-

itself to building flexible manu-facturing systems and, in common with the technology it report. "We found out we didn't know where we were selling or who the customers is selling the salesmen too have undergone an almost cosmic change. "We're looking for risk takers," says Herr Maeschke. "We're deliberately lathes and machining centres." The group has sold systems to JCB in Britain, GM in the U.S. and to Germany's lant most successful printing plant producer, Heidelbergerdruk.

"We told Neil Bamford (of JCB), 'If you go for this system it will make your career. We won't let you down'." Herr Maeschke says. The Germans have never sold machine tools

like that before.

The hard work, pain even, has made the recovery over the past 18 months that much sweeter. Incoming orders for machine tools rose 34 per cent machine tools rose 34 per cent in 1984 to a total of DM 11.1bm but that performance was largely export-induced. This year, however, orders are up 50 per cent again, and the cheering naws is that, while exports are still up (60 per cent on last year), the domestic market has suddenly taken off. Home orders have risen 36 per cent so far

in 1985.

Capacity utilisation in the industry, already at a high \$4 per cent last year, currently stands at nearly \$5 per cent. Herr Van Kempner says Trauh's order book is full for tha next 12 months and, like many others in the industry, he is now finding it difficult to expand canacity and find new people.

ing it difficult to expand capacity and find new people. The boom, he says, will probably begin to fade in 1987. Having been caught once at being the best manufacturers of machines no-one wanted to buy, the West Germans are highly unlikely to find themselves in the same predicament again. but like many of his colleagues then be given the same access he believes the threat from the east has been overcome. Geris allowed in Germany. man producers claim the Japanese simply cannot com-pete with higger machines and

de l'ila

The Bank promotes the

long-term loans, export credits, and guarantees.

top-bracket rating in the

capital markets is the high

guarantees as required by

the law concerning KfW.

German economy through

One of the reasons for KfW's

degree of credits covered by

Stuttgart's problems those of success

The North-South issue

QUESTION - "Who are the Scots?" of their homeland for being wasteful!"

THAT IS one of the milder Swabian jokes, Another (which appears in several versions) tells of the Swabian who insisted that his ashes be put in an egg timer after death "so that I can go on being useful."

The casual traveller who comes across these tales while reading on the train speeding south to Stuttgart may find that a shiver goes up his spine. Stuttgart, after all, is the capital of the state of Baden-Württem-berg—home of the evidently mean and chillingly diligent

Better, perhaps, to stay on the train and go on to Munich. The Bayarlans are reputed to be funloving and expansive (perhaps even a bit too much so at times). If, despite his qualms, the traveller gets out in Stuttgart after all he is in for a pleasant surprise. One of his first views on leeving the station will be of a vine-planted hillside sweeping down almost to the city centre.

City vineyard

PORATE

He will (rightly) say to him-self that this must be one of the most expensive strips of vineyard in the world — so money is evidently not every-thing to Swabians!

may also learn that the Stuttgarters produce more wine than almost any other German municipality; and, surely, no people with so close a relation-ship to the grape can be wholly

work-crazy.
These first impressions are quickly confirmed by a couple of minntes' stroll from the station into the Schlossgarten

theater belps round out the picture of the city too—with its fine opera and a ballet company acknowledged to be Germany's

finest.

The traveller who sees all this—perhaps with brief trips to the Stattsgalerie to see the canvases of the Stuttgart expressionist Oskar Schlemmer, or to the Weissenhof sector of apartment houses masterminded by Mies van der Rohe—may return to the railway station feeling more than a little baffled.

He had expected a heetie

He bad expected a bectic time in a bustling, husiness-oriented city—and instead he found an almost dreamy stmosphere, like thet of a large and elegant spa. Could it he that all those tales about Swabians were pure fantasy?

19 mineral springs

Not altogether. True, there is Not altogether. True, there is something in that comparison to a spa. Stuttgart has 19 mineral springs and a thriving water bottling business. After the war, when the city suffered serious bomb damage, there was even talk of turning Stuttgart into a full-time spa with the Nemes Schloss as the top the Neues Schloss as the top

Instead native diligence and business acumen (along with a hit of luck) quickly restored Stuttgart as a centre for high quality industry. The big names are well known the world over Delinler Reng and world over—Daimler Benz and Porsche (motor vehicles), Bosch (electricals), Zeiss

Bosch (electricals), Zeiss (optics) and so on,
But the success of such major companies is not the only reason why Stuffgart and the state it heads have regularly been able to turn in the lowest unemployment rates in the country.

For one thing the Swabians have a good spread of small and medium-sized companies which have shown great flexibility in the face of recession. For another they have iden-tified high technology, high growth sectors and fostered them more steadily than most



The baroque Neues Schloss, former palace of the Kings of Württemberg, dominates

Kohl in Bonn — without getting his fingers burned in the pro-

communications can be nerve-wracking and the scope for business expansion is small.

When Robert Bosch set up shop with two helpers in the last century he could easily work from within Strittgart itself. But the Robert Bosch group (1984 tnrnover DM 18.4hn) has long since moved out of town to the Schillerhöhe heights—still only 20 minutes' drive from the 20 minutes' drive from the

cantre. Likewise, Daimler-Benz is across the River Neckar in the suburb of Unterturkeim to the east, and Porsche is et Zuffen-hausen to tha north. "Silicon Valley Stuttgart" blossoms acros the autobahn ring to the

south.

Stuttgart's problems are, in part, the problems of success. For example, the local metalworkers' trade unionists are among the toughest bargainers in the country, feeling with some justice that Stuttgart area employers are better beeled employers are better beeled than their counterparts else-

where.
Then nearly one-fifth of the city's 570,000 inhabitants are foreigners — "guest workers" and their families drawn by the good employment connectingities. good employment opportunities. That naturally makes for inte-gration strains.

Fortunately Stuttgart has two particularly adroit political leaders — both Christian Demostation into the Schlossgarten—
e grand city park with
fountains, lakes, splendid buildings (and Swablans uncharacteristically lazing in their
dozens on the grass).

At one end of the park the
huge, barrone Nenes Schloss
with its marble walls and
crystal chandeners fonce lake
residence of the Kings of
Wurttemberg) is in itself
eloquent evidence of more in
Stuttgart's history than unimaginative pfennig-pinching.

Inglit technology and fostered
growth sectors and fostered
them more steadily than most
other areas of the country have
of the country have
of the country have
of the state Prime Minister, Herr
Lothar Spith, a small, dark
man — the personification of
the Swabian "hustler."
He is always on the move,
whether probing the chances of
the state Prime Minister, Herr
Lothar Spith, a small, dark
man — the personification of
the Swabian "hustler."
He is always on the move,
whether probing the chances of
the state Prime Minister, Herr
Lothar Spith, a small, dark
man — the personification of
the Swabian "hustler."
He is always on the move,
whether probing the chances of
the state Prime Minister, Herr
Lothar Spith, a small, dark
man — the personification of
the Swabian in the Swabian in the samining the latest echnological reason why a stroll round
the city centre yields little
the Swabian "hustler."
He is always on the move,
whether probing the chances of
the state Prime Minister, Herr
Lothar Spith, a study in contracts. One is
the state Prime Minister, Herr
Lothar Spith, a study in contracts.
One is
the state Prime Minister, Herr
Lothar Spith, a study in contracts. One is
the state Prime Minister, Herr
Lothar Spith, a study in contracts.
One is
the state Prime Minister, Herr
Lothar Spith, a study in contracts. One is
the state Prime Minister.

In the subary on the state Prime Minister, Herr
Lothar Spith, a study in contracts one
the state Prime Minister.

It is one of the subary on the saming the latest echnologithe state Prime Minister.

It is one of the subary on the saming the latest echnologithe st

The bleak North Sea coastal area of Lower Saxony epitomises the country's less prosperous face.

Windswept East Frisia feels the chill

ON A RAW October afternoon, of the country, where unemploy-as a rasping wind drives the ment in places is at levels opposition from German and rain almost horizontally before approaching those of the third

imports or iron ore which once of its more affluent summer visitors.

But northwards and eastwards, civilisation gradually gives up the unequal fight. What soll there is yields to sand, the shrubs and dogged fir trees to reeds.

Along the last line of dunes are dotted stoutly built and cosy Gaststätte. Safely within them, you can sip the sweet weak tea beloved by the locals which contemplate the elements ontside doing their worst. When contemplate the elements ontside doing their worst. When the wind is up, the sea holls grey-brown and a filmy golden contemplate the elements ontside doing their worst. When the wind is up, the sea holls grey-brown and a filmy golden contemplate the elements ontside doing their worst. When the wind is up, the sea holls grey-brown and a filmy golden contemplate the elements ontside doing their worst. When the wind is up, the sea holls the wind is up, the sea holls the wind of whipped sand covers the beach, as far as the eye can see.

This is where Germany ends:

The crisis on the staple of the port.

Emden's role as a transit centre has been damaged by the growth of ports like Antwerp and ports in the network of canals which criss-crosses.

Northern Germany.

The crisis in the shiphuilding industry too has weighed upon the town. Thyssen Nordseewerk the biggest yard in the state of Lower Saxony, has haved its workforce in Emden or the wind its workforce in Emden or the fight for the wirkforce. It is the highest jobless rate in all Germany.

The crisis in the shiphuilding industry too has weighed upon the town. Thyssen Nordseewerk the biggest yard in the state of Lower Saxony, has haved its workforce in Emden or the wirkforce. It is the highest jobless rate in all Germany.

The crisis in the shiphuilding industry too has weighed upon the town. Thyssen Nordseewerk the biggest yard in

on A RAW October afternoon, as a rasping wind drives the rain almost horizontally before it, end when sky, sea and sand fuse into differing shades of grey and gliating sliver, East. Prisia begins to reveal its soul.

The summer tourists have mostly gone, and the holiday houses stand locked and empty. During the approach from the south to this remote morthwestern corner of Germany, pasture and woodland give way to flat open expanses: of dykes, canals and the occasional line of unhappy poplars, bowed before the gales they are supposed to break.

The rich marshy grassland supports hard upon berd of fat proposed to break.

The rich marshy grassland supports hard upon berd of fat proposed to break.

The rich marshy grassland supports hard upon berd of fat proposed to break.

The rich marshy grassland supports hard upon berd of fat proposed to break.

The rich marshy grassland supposed to break.

The rich marshy grassland supposed to break.

The rich marshy grassland supposed to break.

The rich marshy grassland from method for the proposed to break.

The rich marshy grassland supposed to break.

The rich marshy grassland from miles away.

Mud and sand

Further on still, the land finally yields to the shallows and large recharded from miles away.

Mud and sand

Further on still, the land finally yields to the shallows and lower all stands, like discovered the proposed to farm male to the south, has not been so from the state of its more affluent summer visitors.

But even in Emope, before the state which stay open until 4 am on the proposed to farm more than grant sand dunes. The resolutely cheery little more than grant sand dunes. The resolutely cheery little more than grant sand dunes are stand locked and more than grant sand dunes are stand locked and more than grant sand dunes are stand locked more definition of the steel of its more affluent summer visitors.

But leaves in Eud

one end of the Schlossgarten city park hetween the choleric Bavarian
Prime Minister, Franz Josef
Strauss, and Chancellor Helmnt

deserved reputation for political fairness and civil courage.

There are many examples—
among the best known when he

The other leader is Herr Manfred Rommel, best known ontside Germany as the son of the
wartime "desert for" Field
Marshal, but locally recognised
above all as one of the most
popular mayors Stuttgart has
ever had. A big, comfortable-looking man who gets
through far more work in a
day than his appearance might
suggest, Herr Rommel has a

among the best known when be agreed that terrorists who had committed suicide in Stuttgart-Stammheim top security jail could be buried in a local city cemetery. To shocked citizens who recalled the terrorists' crimes, the mayor said simply that "all enmity ends with death."

Stuttgart has many reasons to consider itself a fortunate city—and one of them is Man-

Jouathan Carr

Top quality paper for your portfolio

If you want secured paper

KfW is a central credit and with high yields, KfW's bearer bonds and Schuldscheine are just what you're looking

development institution at the federal level, fully backed by the Federal Republic of Germany, Its capital is held by the Federal Republic, 80 percent, and the Länder (federal states), 20 percent.

 The bonds rank as trust investment and are eligible for investment by insurance companies, according to German law

Total Assets over DM 80 billion.

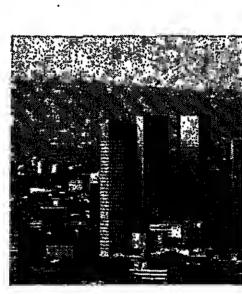
Kreditanstalt für Wiederaufbau

Palmengartenstr. 5-9, Postfach 111141, D-6000 Frankfurt/Main 11 Telephone: 69/7431-2445, Telex: 411352

... one of a kind in German banking

At the heart of Germany's financial capital:

Helaba Frankfurt



Helaba Frankfurt in brief. A solid banking partner.

Helaba Frankfurt is a government-backed universal bank ranking among Germany's foremost financial institutions with total assets exceeding DM 66 billion. It offers a broad range of commercial and investment banking facilities as well as brokerage and investment advisory services.

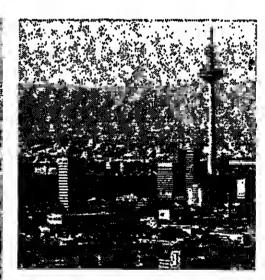


Helaba Frankfurt serves both domestic and international clients.

Concentrating on wholesale banking, especially in the medium to long-term sector, Helaba Frankfurt tailors its comprehensive services for large corporations, central banks, government entities, and other financial institutions. Moreover, it acts as banker to the State of Hesse.

Funding is facilitated through issuing its own bearer bonds and SD Certificates (Schuldscheindarlehen). The total outstanding is some DM 27 billion.

Helaba Frankfurt is also at home in key international markets, operating for example full service branches in London and New York as well as a Luxembourg subsidiary specializing in Euromarket transactions and private banking.



You'll find Helaba Frankfurt in major financial centers.

Head Office: Junghofstrasse 18 – 26 D-6000 Frankfurt/Main Tel. (0 69) 132-01, Tx. 415 291-0

New York Branch: 499 Park Avenue New York, New York 10022 Tel. (212) 3712500, Tx. 234426

Loudon Branch: 8, Moorgate, London EC2R 6DD Tel. (01) 726 45 54, Tx. 88 75 11

Luxembourg Subsidiary: Helaba Luxembourg, Hessische Landesbank International S.A. 4, Place de Paris Tel. (52) 499 40 11, Tx. 3295 hela lu

Helaba Frankfurt Hessische Landesbank-GirozentraleBRISTOL HOTEL

Setting fashion trends

RISK-TAKING is the essence of style. Mary Quant did it in the Sixties. So did. Andy Warhol. The Parislans do it. So do the Milanese. But what about the Germans?

The young trendies of West Berlin and Munich take risks in parading the outlandish styles known as street fashion. Bavarian men take risks, but lederhosen have never caught on abroad.

Welcome to Kempinski.

Kempinski is a lifestyle: that of our guests. Here one resides in elegant surroundings,

enjoying the casual yet cultivated ambience and mixing with his peers. That's what

Kempinski patrons from all the world trea-

And each is endowed with its own quite dis-

tinctive personality, deriving from this tradition. Kempinski connoisseurs savor the

differences. All Kempinski Hotels share a common heritage of gracious hospitality in the classic tradition of Europe's great hotels. With modern amenities contributing, of

Each of our hotels has its own individual

tradition, mirrored in its architecture.

sure about "life à la Kempinski".

course, to today's service concept.

KEMPINSKI

HOTEL VIER JAHRESZEITEN Kempinski München Member Inter-Continental Hotels aximilianstrase 17 - D-8000 Munich 22 Tel: (089) 23 03 90 - Telex: 05 23 859

Welcome to Kempinski.

That is not to say, bowever, that successful fashion has to be outrageous. Several West German companies have proved the point. In fact, West German success in the rag trade bas success in the rag trade bas been partly because the indus-try offers no-tisk products designed to sell in volume, rather than to shock or titillate. Among West Germany's big-

Among West Germany's Dig-gest clothing manufacturers, Escada, Mondi and Stellmann do little to disguise the fact that they go for solld, rather than spectacular style. Their pro-ducts are tallored to suit tha market as it is today, not as it Monetheless, the progress

made by German fashion, at home and on world markets in recent years, can take some of the credit for belying to pull the country's textile industry out of the doldrums.

The industry began to show real signs of recovery in the second half of the 1970s, at about the same time as the world's fashion experts began to take more than a passing interest in what was a same interest in what was on offer at the fashion bouses of Berlin, Hamburg, Munich and Dussel-

Of course, the industry has done much of the hard work itself. It has shed thousands of johs and antomated extensively, but it acknowledges that fashion designers have played an important part in what has been achieved so far. Turnover in the textile indus-

try has risen allowly over the past 15 years, from DM 25on (\$94 hn) in 1970 to nearly





A taste of India from Manfred Schneider's summer 1986 collection (left) and a double-breasted suit (right) by Hugo Boss

DM 35bn last year, up 5.7 per cent on 1983, and a marked im-provement after five virtually

flat years. Herr Jörg von Netzer, bead of international affairs at Gesamttextil, the West German textile federation, says that while the market overall remains sluggish, "fashion is an area where we can look for growth because it is always changing. We had great bopes in the golden age of chemical fibres, but that is now on a declining curve so we have to declining curve so we have to look elsewhere."

look elsewhere."
One of the major problems facing the industry, according to Herr von Netzer, is the copying of German textile designs abroad.
Imitation, of course, is the sincerest form of flattery, and it is ironic that designers in Italy, the home of inimitable style and good taste, are apparently among the copycats—a point Her von Netzer would doubtless like to make to Hugo Boss, a fast-growing Hugo Boss, a fast-growing fashion company based in Metzingen, near Stuttgart, and

the place to go if one is an annowardly - mobile executive looking for understated style.

The company was set up in 1923 by Hugo Boss, who began by making men's workwear and boys' clothing. Today it is run by Boss's two grandsons,

Jöchen and Owe Holy, both in their early forties and more inclined towards Italian chic than workaday overalls.

Boss makes regular trips to Italy to keep an eye on the fashions there, and it imports 90 per cent of its material from Italy, Herr Gerd Flosdorff, bead

of Boss marketing, says that West German textiles are not fashionable enough to suit the company's style:
"We would like to buy more in West Germany because the industry bere is more reliable; but the testiles are consulty.

but the textiles are generally two or three seasons behind Italy.

Such remarks inevitably put the German textila industry on the defensive. Herr von Netzer, who disputes the extent of the fashion time-lag, concedes that the domestic industry must do more if potential customers like more if potential customers. like Boss, which huys around 3.5m metres of material a year, are dissatisfied with the home product. Nevertheless, he adds that German industry "has done quite a lot in the way of design. The fact that we are worth copying is a sign of that."

One of the problems, accord-

One of the problems, according to Herr Wolfgang Ley, president of the German Fashion Institute, and chief executive of Escada, is that West Germany's image fails to reflect its per-

"West German design and fashion are far better than their fashion are far better than their reputation makes them out to be. It is an astonishing, but little-known fact that West Germany is the world's higgest exporter of women's clothing lifting our lmage to match our actual performance is a challenge to all of us in the industry," be says.

Women's fashion in West Germany remains, for the most part, deliberate in its coordination and carefully-formed lines, aside from the work of a

part, deliberate in its coordination and carefully-formed
lines, aside from the work of a
few of the country's top
designers, who are beginning to
chip away at the country's poor
fashin image.

Manufacturers like Nino,
Steilmann, Mondi and Escada,
and the industry as a whole,
have established an international reputation for delivering a high quality product on
time. For the buyers, that is
often more important than
delivering haute couture, and
once West Germany has
managed to combine market
reliability with high fashion
on an international scale,
its only remaining teak
will be to select a fashion
capital. One can be sure that,
unlike their political predecessors, they will not choose Bonn.

Shella Jones

Two pillars of publishing

even unfair. Both Springer and he seems to have been almost Mohn helped to create the postthey personified it.

Both men huilt up highly successful publishing empires.

Indeed that of Mohn

Bertelsmann group, has emerged as much the larger of

the two.
In most other respects, however, the contrast between Springer and Mobn could hardly be greater.

hardly be greater.

Springer, who died in September at the age of 73, was a passionate conservative whose political convictions were vigorously—often stridently—voiced by his newspapers. In media terms Springer effected a revolution in 1952 with his Bild—a tabloid periodical such as the Germans had not had before, with lots of the peaceful reunification of not had before, with lots of Germany, the rejection of pictures, big headlines, little totalitarianism and support for subtlety and buge drawing

totalitarianism and support for a social market economy,

Few Germans worked with as much dedication as Springer to nromote reconcillation with the Jewish people. In practice his views brought him into fierce conflict, above all with the springer's political leanings rebellious. Leftist young of the late 1960s and with tha Ostpolitik of the Social Demo-

MENTION the name of the late crat-Liberal Government in the in West Berlin, a gesture of riarchal structure and generated

whom you mean.

But if you talk about Reinhard Mohn you may well get a
hlank stare. "Reinhard amid the bombed ruins of Hamwbo . . . ?" hurg just after the war he was At first glance this seems odd, no political missionary. Indeed,

The Media

JONATHAN CARR

Axel Springer well outside West
Germany and the chances are
that people will know at once
whom you mean.
But if you talk about Reinhard Mohn yon may well get a Alex Springer began work

Axel Springer well outside West
Yet his opponents saw him as is close to the Communists (It
is close to the communists (It
defiance to the Communists (It
is close to the infamous Wall
dividing the city) and a symbol
of his hopes for a future united
Germany and Mexicology
and materialistic,
Ironically, When the Young
hard Mohn you may well get a Alex Springer began work

For all his business and

political setbacks, as well as sometimes personal tragedy (his son took his own life five years ago), Springer has left a group owning some of Germany's best-calling replications and with a specific personal set of the second selling publications and with a turnover last year of DM 2.4bn. Bertelsmann, the house that Reinhard Mohn built up, is far bigger. Indeed, it is one of the

world's largest media concerns, with 1983-84 turnover of nearly DM 7bn and net profits of DM 289m. It employs about 32,000 people in more than a score of countries and this year has organised concerts and conferences to celebrate its 150th

Anniversary.
Yet Mohm, who with his family owns nearly 90 per cent of Bertelsmann common stock, remains something of a mystery man. One reason is that, unlike Springer, he is not a newspaper

everything else you can think of in the media—books, records, video, satellite TV and, through its subsidiary Gruner and Jahr,

Taking over a modest business which began as a printer of hymnals and prayer books, Mohn (a fifth-generation member of the founding family) reformed the company's pat-

astonishing growth.
Decentralisation of decision-inaking a profit-biaring scheme and generous social benefits were all part of Moin's strategy over more than three decades. Sometimes the group almost fell over Itself in its helter-skelter

But consolidation (as in the his own iron rule, Mohn stepped down as chief executive at the age of 60 in 1981; but he keeps a keen eye on the business as bead of the supervisory board.

What is likely to be the future of these media groups which have been so decisively formed by the dedication and drive of two individuals?

Shortly hefore he died Axel

Springer made a plan which partly opens his group to public ownership while continuing to safeguard its independence: 49 per cent of Springer's DM 170m capital has been placed in the form of "registered shares" with approved buyers; who can sell their holdings only with

the consent of the group. The master company, Axel Springer Gesellschaft für Pub-Springer Gesenschaft für Publizistik, bolds 26.1 per cent of the capital and the Burda publishing company another 24.9 per cent. That structure indicates a continued editorial thrust in the main group publications cuch as Savingar would lications such as Springer would

Spreading the word world-wide

to a foreigner."

The complexities of its grammar, coupled with a jungle of rules governing the use of capital letters (78), hypbens (50) and commas (about 100), make German perhaps one of the least euticing to learn as a foreign language. language. Even Goethe a major influence on German linguistic

development, is reported to have preferred reading his own works in French in the latter stages of his life, because be German language worldwide. found it easier.

There was a time, not so long the stage of the

ing, is today at the forefront of a campaign to revive the use of the German language worldor the German language worthwide, or at least to bait the
decline in its use. Such is the
concern in West Germany, that
Chancellor Helmnt Kohl
ordered a special report on
the subject earlier this year,
after promising in his 1983
insural speech to "under inaugural speech, to "under-take new efforts to make the German language more widely

Part of the offensive involves thousands of foreigners all over trouble one can get into hy the world. The Bonn Govern- using capital letters in the ment last year provided wrong place (or worse still, by

volved in making a film, and a television series, to promote the

Language issues SHEILA JONES

There was a time, not so long There was a time, not so long ago, when no such promotional activity was necessary. In the 1920s, and earlier, German was a dominant language among scholars of philosophy, science and theology, not least because many of the influential thinkers of the day were German.

of the day were German. Even then, however, the Germans themselves were not immune from the sbeer horridness of some of their grammatical constructions and the linguistic tricks many foreigners believe are designed to confuse them. the teaching of German to An off-cited example of the

The capitals question remains unresolved. The East Germans are thought to be ready to give them up, while the West Germans have yet to make up their minds.

Meanwhile, the teaching of the language as a whole con-tinues to decline abroad. In the past 10 to 15 years, school curriculum reforms in western

curriculum reforms in western Europe have put less emphasis on the arts, including languages, and more on commercial and technical schooling. German is still the native tongue of 90m people in Europe, although the number is falling. About 15m children and students worldwide learn German as a foreign language, while in 1979, the figure was while in 1979, the figure was

nearer 17m.
In the U.S., only 1.3m out of 40m citizens of German descent, still speak German. Among U.S. high school students, about 2m study Spanish, 1m. French, and about 300,000 German. In the UK, around 75 per cent of O-level language students take French while about 30 as French, while about 20 per cent

MARK TWAIN is probably not the only person to have grappled with the German language and concluded that to read and understand it "must always remain an impossibility to a foreigner."

The Goethe Institute has faught German to more than 3m people since it was set up in people since it was set up in 1951. At the moment, it is in 1951. professional reasons.

The concern in West Germany is not a straightforward matter of how many foreigners can speak German. The Bonn Government would like the teaching of German abroad to help to create a support of the control of the cont teaching of German abroad to belp to create a sympathy with Germany, and to foster a high regard for the country as a cultural and industrial centre— the latter being based on the assumption that people who speak German are more likely to buy German.

But it can take little comfort But it can take little comfort from the words of Mrs Hertha Stephenson, president of the U.S. Association of Teachers of German, who remarked recently that "German to us is being of lattendar I stind." a kind of latter-day Latin."
However, that view is probably less alarming than the conclusions drawn by Mark Twain, who would have delighted in the story that Emperor Charles V, who presided over the many-tongued Spanish empire 400 years ago, spoke Spanish to his wife, French to his cook, Italian to his mistress and

Frankfurter Allgemeine Zeitung is read by more decision makers in business and administration than any other German daily and economic newspaper.



Source: Readership analysis of decision makers in business and administration '85



SECTION II - COMPANIES AND MARKETS FINANCIALTIMES

Monday October 28 1985



EURONOTES AND CREDITS

News International "launch splashes out

BP will have to wait until banks

a bank to do voluntarily than allow-

ing itself to be dragooned into an established deal with pre-set terms.

Elsewhere, the market is barely

ticking over on a limited number of smaller deals including a \$125m fa-

cility, also led by Citicorp, for No-

a \$50m revolving credit facility

. Under the facility Nokia will be able to issue Euronotes, short-term advances and sterling bankers' ac-

ceptances for which Seccombe Mar

shall, the discount house controlled

by Citicorp, will act as discount agent, producing a new synergy

Korea Development Bank is to be the next borrower to tap the Euro-yen credit market with a Y30bn

deal bearing interest at a margin of

h per cent for four years and % for

the next four. These are slightly fin-

borrowing in this market, a conces-

sion which is thought to reflect the

within the group.

BY PETER MONTAGNON IN LONDON

MR RUPERT MURDOCH'S News ited, however, while perhaps as International has made a splash in much as half the total has been takthe Euronote market with the launch of a facility adding \$320m to the \$350m deal signed last year.

submit offers for its \$6.5bn total fi-Launched last week through Citnancing on November 1 before it icorp, the borrowing is designed to finance Mr Murdoch's acquisitions, knows its fate. It is arranging the deal itself, which makes a subtle already announced, of Twentieth psychological difference from BHP, Century-Fox Film Corporation and bankers say. In BP's case banks are Metromedia, the U.S. television nethaving to set their own terms through a bidding process which most assume will produce cut-throat conditions. That is harder for

In striking contrast to many recent offerings in the Euronote market, the deal also bears a generous facility fee of 20 basis points, the same as that on last year's borrowing. Other terms are unchanged in-cluding the maturity of 1993 and margins on the backstop credit of 30 basis points in the first four years, rising to 40 points thereafter.

kia, the Finnish industrial corpora-tion. This seven-year deal includes The difference is that an option to issue Euronotes has been added which will now apply to the former bearing a commitment fee of 1/2 per cent and a margin over Libor of 13% deal as well. Previously News International was able to raise funds under the facility only by calling on banks to bid for short-term

The change testifies to the speed with which the Euronote market has developed in just one year. When it launched its original \$350m deal, News International would not bave been regarded as an eligible name for the Euronote market. Now it clearly is, although it will still be depending mainly on banks to buy paper sold under the deal.

Mr Murdoch's deal has in any case done the market a great favour by distracting attention from the conscience struggle banks have beec having over two much more finely priced operations from toprated international names - Broken Hill Proprietary, the Australian resources and energy group, and British Petroleum.

 $\{f^{(i)}(x)\}_{x=0}^{n-1} g_{x}$

In BHP's case enough banks have now given in to ensure that the \$700m standby portion of its \$1bo facility is now fully subscribed despite its low commitment fee of just basis points. Interest from U.S. credit bears a margin of % per cent banks is thought to have been lim- over Libor for eight years.

INTERNATIONAL BONDS

Many sectors troubled after volatile week

Conv

Secondary Market
U.S.\$ 11,449.8 1,087.4 12,115.3 1,928.8
Prev 13,523.3 1,011.5 10,103.2 1,971.2
Other 4,000.9 198.0 1,216.0 1,670.5
Prev 3,856.1 66.3 1,104.8 1,634.0

and was not increased, although af-

ter the success of its last deal at the

beginning of the month, the borrow-

er may well wish to raise this one

too. Both deals pay the same spread over one-month London interbank

bid rate (Libid), but the new one has a 50-year life. "I think they are

19,713.7 20,801.3 4,901.2 4,140.0

BY MAGGIE URRY IN LONDON

By the weekend most currency sectors of the market were looking in poor shape - U.S. dollars, Canadi an and New Zealand dollars, D-Marks and worst of all, Euroyen. The fall in the Euroven market followed the sharp drop in the Tokyo government bond market to-wards the end of last week.

Traders arrived at their desks on Friday morning to find turmoil, and most of the 22 market-makers decided not to open their books that day. Only six or seven houses were trading at all.

there is some maturity in this market," said one dealer.

The ripples from the Euroyen market spread outwards, further unsettling other markets. The Euro-

LAST week's volatile activity in the dollar sector was hit on Friday as bond market left one dealer com-menting, "Well, I wouldn't call it weeker, and new issue prices

dropped by half a point.

Even the good deals, for top-quality names like IBM and Unilever, were suffering although still trading within fees. However, these had shown that there was demand

Only the floater market was do-ing well, and on Friday four issues were launched, of which three were increased. Three were for U.S. banks, and investors can expect a lot more paper from this source as the banks move to improve their capital ratios. The question is whether the market will tire of the There was some criticism of the surfeit. The issues for Great Lakes other firms. They should have and Chase Manhattan both used been trading to demonstrate that the delayed cap idea, where a maximum. mum coupon in each case of 131/4 per cent, comes into play after three years. There is demand for such issues, but it is limited.

Citicorp's deal was last to appear

pushing it a bit far this time," said one syndicate manager.
Swiss bankers have had plenty to think about since M Pierre

Languetin of the Swiss National Bank, dropped his bombshell last week. If the National Bank does de cide to allow non-Swiss domiciled banks to lead Swiss franc bond issues - in effect opening a Euro-Swiss franc market - the Swiss banks could suffer a severe loss of business, even if commissions were

Judging by the recent activity in swap-driven Swiss franc deals for U.S. borrowers, there could be more than sufficient mandates for non-Swiss based banks. However unless those banks can develop placing power of their own, they will have to rely on the Swiss banks for distribution.

The oversupply of new paper in the Swiss franc market has caused although it seemed to be stabilising. week were trading outside their

Italy made its first public bond issue in Switzerland nn Friday, pick-ing Soditic to launch a 20-year zero coupon deal.

The D-Mark market has continued to shudder under the weight of new issues with annther six deals totalling DM 1.515hn coming last week. Traders are now beginning to worry what the November calender could hring if banks do not exercise some restraint in putting deals on the list. The secondary market fell by around two points on average last week, with some new issues

dropping by as much as four points. Morgan Guaranty's debut as a lead manager in the market with R. J. Reynolds could not have come at a worse time, but the issue was seen to be holding within it 2% per cent fees while most of the other deals last week were bid at a threepoint discount by the weekend.

Almost all the Canadian and New weakness in the secondary market, Zealand dollar issues launched last

BHF Bank bond average 104.116 1985 Low 99.840

fees by the weekend. Swedish Export Credit's New Zealand dollar issue from the previous week was five points adrift of its issue price.

One of the successes of the week was the Alliance and Leicester building society's Eurosterling floater. Since the building societies started tapping this market in September, a total of £825m has been raised, forming more than 20 per cent of the Eurosterling floater market. The learning curve has been steep and lead manager Warburg seems to have hit the right combination with a % margin over lower front end fees and a fixing of

TI faces gloomy future

BY LOUISE KEHOE IN SAN FRANCISCO

TEXAS INSTRUMENTS, the U.S. semiconductor manufacturer, took another bruising fall last week with the announcement of buge thirdquarter losses, more layoffs and plant closures as the company's new president embarked on a series of "strategic reviews." Announcing third-quarter losses

er terms than on Korea's previous of \$83m, Mr Jerry R. Junkins, president and chief executive, provided a grim view of short-term prospects for the largest U.S. chip maker. "The extended period of market very fine conditions wrung out of the market by Thailand on a Y70bn deal last month. The deal was due to be mandated to a group of 10 co-ordinating banks in Hong Kong at weakness has resulted in the steady decline of TI's semiconductor sales." Mr Junkins said. TT's sales had fallen faster than those of Vneshtorgbank, the Soviet for-eign trade bank, is also back in the most U.S. chip makers, he said, "be cause of product and geographic market with a \$100m, eight-year credit led by Credito Italiano. The mix." TI's heavy involvement in the highly competitive memory chip business has accentuated its semiconductor losses.

an improvement in semiconductor sales during the current quarter, ness personal computers profitable On Friday, TI made 2,200 workers

redundant in its semiconductor and computer operations, bringing the number of jobs it has cut this year to over 7,000. TI still has around tions in oil and gas exploration 7,800 workers in its world-wide op-Cost reductions from the closure sion.

of an assembly and test operations in El Salvador, a chip production plant in Houston, Texas and a computer production plant in Texas, needed income. Although sales will not return the company to were flat, the company's backlog of profitability in the short term," Mr TTs computer operations, which

represent about 30 per cent of revenues, also suffered. The company's quarter from \$1.4bn last year to range of office automation products \$1.2bn and significantly reduced for tion. Shipments for the first nine \$3.7bn.

The company sees little hope of months of 1985 were below year-ago levels. In an effort to make its busi TI consolidated its Texas operations from four to two sites, at a cost saving of \$70m a year.

> Its traditional geophysical operafollowing earlier cuts in this divi-

makes up a third of all TI business provided a steady source of badly needed income. Although sales

did not stand up well to competithe first nine months from \$4.260 to

Noranda loss cut by disposals

BY BERNARD SIMON IN TORONTO

ASSET disposals contained the third-quarter loss of Noranda, the debt-laden Canadian mining, forest products and industrial group, to C\$30.6m (U.S.\$22.5m), nr 33 cents a share, compared with a C\$38.4m loss, or 37 cents, a year earlier.

The sale of Noranda's 31 per cent stake in Placer Development, the Vancouver-based mining group, contributed to "investment income of C\$153.9m in the latest period. On the other hand, the company said it the reduced value of certain allied enterprise assets. Revenues rose

from C\$748m to C\$782m. Depressed metal prices were the chief cause of the third-quarter loss, and interest payments totalled

C\$59.4m. Earnings from metals and miner-

als (mainly zinc) in the first nine

facturing operations were also in the red, as depressed aluminium from copper fabrication. Forest products were *marginally

profitable." Noranda has a 39 per cent interest in the West Coast timber producer Macmillan Bloedel. Nnranda, which has dehts of about C\$2.7bn, predicted further losses in the current quarter but said that these might be offset by

had provided CS150m before tax for the proceeds of more asset sales. The Canadian nickel producer Falconbridge reported almost un- or 32 cents, against \$233m, or \$2.39, changed earnings of C\$3.7m, or 9 cents a share, in the three months to September 30. Revennes rose from C\$173m to C\$206m, due mainly to larger purchases of nickel

from outside sources.

cent of levels a year earlier. Manu- "other charges" of C\$6.6m, including the cost of layoffs at the company's facilities at Sudbury, Northern Ontario.

 Alcan Aluminium, fighting continued low profits and an uncertain outlook for aluminium prices, bas cut its quarterly dividend from 30 cents to 20 cents. The reduction was widely expect

ed in the industry. Last week Alcan reported third-quarter earnings of \$7m, or 7 cents a share, against \$52m, or 53 cents a year earlier.

Nine-month earnings were \$32m All large North American alumin-

ium producers have reported a similar drop in profits this year, mainly because of low ingot prices, surplus capacity and the high U.S. dollar. Third-quarter income was de- Domestic demand, however, has remonths of 1985 were only 26 per pressed by low nickel prices and by mained relatively strong.

SEPTEMBER 1985

This announcement appears as a matter of record only. U.S. \$100,000,000



The British Printing & Communication **Corporation plc**

Revolving Multicurrency Short Term **Advances Facility**

Arranged by

Credit Suisse First Boston Limited

Co-Arranged by

Hill Samuel & Co. Limited

Underwriting Banks

Banco de Bilbao S.A.

Union Bank of Switzerland

Bank of America NT & SA Bayerische Vereinsbank Aktiengesellschaft

The Bank of Nova Scotia

Girozentrale und Bank der österreichischen Sparkassen

Banque Bruxelles Lambert S.A.

The Long-Term Credit Bank of Japan,

Credit Suisse

First Chicago

Nederlandsche Middenstandsbank NV

Union Bank of Switzerland

Westdeutsche Landesbank

Westpac Banking Corporation

Tender Panel Members

Allied Irish Banks p.l.c. Banco de Bilbao S.A. Bank of America NT & SA Bank of Montreal The Bank of Nova Scotia Barclays Bank PLC Bayerische Vereinsbank Aktiengesellschaft Crédit Agricole

Credit Snisse First Bostun Deutsche Bank Aktiengeseilschaft Crédit du Nord The Fuji Bank, Girozentrale und Bank der österreichischen Sparkasseu

Hill Samuel & Co. The Mitsubishi Bank, Nederlandsche Middenstandsbank NV

The Long-Term Credit Bank of Japan Nordic Bank PLC

Saudi International Bank Westdentsche Landesbank

Security Pacific National Bank Westpac Banking Corporation

Facility Agent & Tender Panel Agent Credit Suisse First Boston Limited

Lloyds Merchant Bank Limited started business on I July 1985. Since then it has arranged or intermediated through its swaps unit 40 swap transactions for a total of US\$740 million. Amongst transactions completed are:

£25 million Interest and currency swap for a US corporation.

C\$ 10 million Interest and currency swap for a Japanese bank.

A\$ 49 million Interest rate swap for a US corporation. £8 million

Interest tate swap for a UK local authority. SFR 63 million Interest rare and currency swap for two Middle

Eastern banks. DM 100 million Swap driven syndicated fixed tate loan for a

Portuguese state company.

£4.5 million Amortising interest rate swap for a UK leasing company.

US\$ 20 million

Prime/LIBOR swaps for Latin American borrowers.

SFR 100 million Interest rare and currency swap for a UK company.

£5 million Interest rate swap for a UK finance company.

For further information about our swaps capability please contact:

David Clark, Sally England or Tamlyn Nall on (01) 248 2244 or telex 888421/2

Lloyds Merchant Bank Limited Investment Banking Representative Office John Schofield or David Heaver

Robin Johnson on (212) 493 5660 or telex 4946695

Lloyds America Securities Corporation

on (03) 214 6774 or telex 22343.

lerchant Bank

Lloyds Metchant Bank Limited, 40-66 Queen Victoria Street, London EC4P 4EL

THE SDI, EUREKA

The Financial Times offers senior executives in the defence and related businesses a unique opportunity to discuss the most promising aspects of the Strategic Defence Initiative and examine how they should proceed in pursuit of contracts.

The White House, the SDI Organisation and American consultants expert in defence contracting will join a platform with industrialists from the United States and Europe.

Lord Chalfont is to chair this major conference which will also consider the practical aspects of Eureka.

SPEAKERS WILL INCLUDE:

Dr George A Keyworth, II Science Adviser to the President Director, Office of Science & Technology Policy

Dr Allen E Puckett Chairman of the Board & Chief Executive Officer Hughes Aircraft Company

Dr Gerold Yonas

Chief Sciennist Strategie Defense Inmative Organisanni (SDIO)

Mr Earle C Williams
President & Chief Executive Officer BDM International Inc

Mr H Metcalfe, OBE Deputy Managing Director (Dynamics) British Aerospace PLC

Professor Michael E Howard, CBE, MC, FBA Regius Professor of Modern History Onel Callege, Oxfard

Mr Michael Clark, CBE Deputy Chairman & Deputy Chief Executive The Plessey Campany ple

Dr Barry Boehm Chief Engineer, System Development Division TRW-Defense Systems Group

Mr Paolo Fasella Director-General, Science, Research & Development Commission of the European Communities

M. Jean-Louis Gergorin Senior Vice President Corporate Strategy MATRA SA

Dr Raffaele Palieri President and General Manager Telettra SpA

Mr R Michael McCullough Chairman and Chief Executive Officer Booz-Allen & Hamilton Inc

London 4th and 5th November, 1985

THE SDI, EUREKA AND INDUSTRY ENQUIRY FORM

To: Financial Times Conference Organisation, Minster House, Arthur Street, London EC4R 9AX
Tel: 01-621 1355 Telex: 27347 FTCONF G

☐ Please s	end me full details of The SDI, Eureka and Industry Conterence
NAME	POSITION
ORGANISATION	
ADDRESS	
	COUNTRY
TELEPHONE	TELEX
TYPE OF BUSINESS	
	FINANCIAL TIMES CONFERENCES

INTL. COMPANIES & FINANCE

SGS broadens its horizons

BY WILLIAM DULLFORCE IN GENEVA

veillance (SGS) is e successful sources, industrial and con-multinational with such un- sumer goods, and services in assuming origins that they put hanking and insurance. today's anxieties about innova-tion and the generation of new enterprises into perspective.

M Henri Goldstuck, a young Baltic refugee who had fled from conscription in the Tsar's army, found work about 110 years ego with a merchant in stables in Paris.

Noticing the losses incurred by poor handling and storage and the lack of quality control, he persuaded his employer to pay him a commission on the savings he could realise by putsavings he could realise by put-ting matters right. Before the First World War he had made enough mooey to be able to finance the Monte Carlo Rally.

After the war, in 1919, he founded the Societe Generale de Surveillance, in Geneva, with a number of partners. SGS is now the largest privately owned control and inspection company in the world with a turnover expected to reach SwFr 1.5bn (\$700m) this year.

SGS employs 18,000 people, of whom only about 300 work in the head office in Geneva. The rest are found across all five continents—the group operates 118 laboratories and 300 offices in 140 countries.

Grains origin still reflected

SGS generated operating income of SwFr 118m from consolidated revenues of SwFr 1.15hn in 1994. M Marchandre Chargueraud, chairman and chief executive hazards a guess that this year's net earnings will exceed the SwFr 81m achieved last year.

The epitome of a services enterprise, SGS offers customers protection against losses by inspecting and controlling the quality and quantity of the goods they buy and their trans-

Its origin in the grains trade is still reflected in the agricultural side of its business, ex-cept that it now covers about 250 commodities and products. It supervises their loading and discharge, controls weights, in-spects them for cleanliness in warebouses, ships holds, rail-way cars and trucks end takes samples to check their quality hy analysis in its laboratories.

Agricultural products are just one of four divisions into which group activities are divided. The

The natural resources division supervises the transportation of bulk products, including coal and minerals, chemicals and metallurgical products, Petro-leum and petrochemicals. It is responsible for inspecting about a quarter of the 800m tons of Rouen supplying oats for smart coal marketed annually in the stables in Paris.

U.S. and it has several major oll companies among its cus-

A speciality of the industrial and consumer products division is the "noo-destructive testing" of nuclear and other power stations, oil pipelines and offshore platforms. Other func-tions include the testing of materials, fectory inspection and the supervision of industrial pro-

jects on site. Textiles and clothing, bousehold appliances, toys and elec-trical equipment are among consumer products inspected. Control usually takes place on the inished goods before de-livery to the buyer.

The services offered to ban-kers and insurers include dam-

age assessment, asset evaluation, the certifying of stocks and euditing. This is the newest and smallest division but SGS's determination to make its mark determination to make its mark in this sector was illustrated by the takeover of GAB Business Services from UAL in the U.S. last July. GAB had a 1984 turnover of \$192m and specialises in demage assessments.

ment for insurance companies.

The certificates and inspection reports issued by SGS are recognised worldwide by importers, exporters, banks and government agencies and are

government agencies and are frequently essential instruments for claiming payments or open-ing lines of credit.

In September, 1984 SGS saw the price of its shares dip when it was "sacked" by the Nigerian government, which appeared to result from domestic political

SOCIETE GENERALE DE SURVEILLANCE

	For the year ending	1984 SwFr
R	Levermes	1,15bin
C	perating profit	7 7 3 cm
N	let profit	81m
	alance sheet total -	1.18bm

Fored assets Current assets
Of which cash and
equivalent
Shareholders' equity 294m 327m

The share price recovered quickly and the group demonstrated its strength by picking up new contracts with Ecuador, Indonesia and Mexico. SGS has contracts, with 19 governments, provening for the supervision of usually for the supervision of imports and exports, but this type of business provides less than 15 per cent of consolidated revenues.

SGS bas accelerated its growth and penetration into new geographical and product business areas in recent years. The more aggressive approach is attributed to M Chargueraud. Consolidated revenues beve Consolidated revenues beve increased by an average of 18.2 per cent a year since 1979, while operating profit has climbed by 16.7 per cent. Earnings per share rose from SwFr85.70 in 1979 to SwFr 215.70 in 1984, and shareholders have seen dividends grow from an adjusted SwFr 20.8 to SwFr 70 during the same period.

Penetration of U.S. market

Close to half present revenues, according to SGS derive from services which did not exist, or were just emerging, 15 years ago, and most of them are said to provide higher profit margins than older business

A feature of recent expansion has been the penetration of the U.S. market. Before its recent U.S. market. Before its recent coup in taking over GAB Business Services, SGS had bought and incorporated United States Testing Company and Commercial testing and Engineering Company, which was the leader in the coal inspection husiness, during the past three years.

but that the board should not be boxed in. At one time the dividend payment was about half this ratio.

SGS's largest competitors ere government-owned agencies—the main privately-owned comparting the past three years.

Sales in North America made up only 3 to 4 per cent of group turnover in 1970. Last year they were approaching 30 per cent and, depending on the dollar rate, they will reach between 35 and 40 per cent in 1986,

In each of its U.S. business lines, SGS believes that it is either the market leader or in second place. It is the largest in coal and minerals, in agricultural products and in loss edjusting. It is first or second in industrial inspection and second in petroleum and petro-chemicals and insurance

on the U.S., seeing it as increas- petrochemicals.

SOCIETE GENERALE de Sur- other three cover netural re-veillance (SGS) is e successful sources, industrial and con-multinational with such un-sumer goods, and services in ably settled. and quotes its services exten-sively in dollars.

About 40 per cent of SGS's operating profits are generated in the U.S. M Chargueraud points out that all acquisitions have been paid for out of cash flow and that the U.S. operations make up an insulated unit. About 40 per cent of SGS's

The first of two \$50m convertible bond issues floated in 1983 and 1984 was originally intended to finance group investments in the U.S. However, the proceeds of the two bonds have been used to swell extraordinary financial income.

Another feature of SGS's recent expansion has been its arrival on the Geneva and Zurich stock exchanges. About one-third of stock is registered one-third of stock is registered shares which ere mostly held by about 100 descendents of the founding families and managing staff. Union Bank of Switzerland, with about 10 per cent, is the largest single shareholder.

the largest single shareholder.

Two-thirds comprise nonvoting "bons de jouissance"
without nominal value which
are traded in Geneva and
Zurich Initially the market base
was rather thin, but SGS shares
are emong the most heavily
traded in Geneva.

Last March, interest in the
stock wes stimulated by the
issue to the public of 20,000
registered shares at SwFr 3,780.

M Chargueraud thinks that a
payout of 35 to 40 per cent of
net profits "seems reasonable"
hut that the board should not
be boxed in. At one time tbe

believes the group derives advantages both from its independence and its worldwide spread in goods and geography, which help smooth out trade fluctuations.

The worldwide network also enables SGS to offer customers. such as major oil companies service at short notice almost

service at short notice almost anywhere on the globe.
The group has been investing heavily in laboratories in the past few years, which indicates that its appetite for expansion is not yet satiated. M. Charguerand's estimates that, while trade in grains and minerals remains appraisals.

Some Swiss analysts have fairly flat, he will be looking for more business in finance and queried the growing dependence insurance, consumer goods and

广东五金矿产 **Guangdong Metals and Minerals**

Over the years, we have, on the basis of equality and mutual benefit, estab We sincerely hope to further develop our business ties with the world.

We welcome orders for processing as per your drawings or samples. Our of top quality and reasonably priced. Punctual defi

OUR MAIN PRODUCTS:

Building Materiels;

12" 12. 12: 12: 12:

Cast Iron Products: Pipes & Fittings, Manhole Covers & Frames. Flush Cistems and Basic Brackets etc.

hon Wire Nais, Galvanized Iron Wire, all kinds of Door Looks and Hinges, Steel Sloted Angles, Mild Steel Shalf Brackets, Louvre Window Frames and

All kinds of Glazed Tiles, Fire Materials, Martile & Stabs, Granite & Stabs, Stone Ware, Tiles and Lime-Sand Mortar etc., Non-Hetaliic Minerals: Fluorspar, Graphile, Ouanz, Baryles, Feldspar, China Clay, White/Black Clay

Non-Ferrous Metals and Flare Earth Products: Wolfram Ore and Scheeke, Antimony Regulus, Antimony Thoude, Tin Ingots, Zinc Ingots, Mercury, Tungsten Trioxide, Ammorrum Paratungstate, Tungsten Powder, Manganese Dioxide Powder, Beryl Ore, Columbie, e, and all lands of rare earth products etc.

China National Metals and Minerals I/E Corp., Guangdong Branch

CARRÉ, ORBAN & PARTNERS Ltd International Management Consultants

Amsterdam, Brussels, Düsseldorf, Geneva, Loodon, Milan, New York, Paris, Rome, Zurich

are pleased to announce that the Londo Office has moved to larger premises at:

7 Curzon Street, London W1Y 7FL Telephone: 01-191 1266 Telex: 296932 Fax: 01-191 1609

HOLIDAY & TRAVEL ADVERTISING is published on Wednesday and Saturday

For details of Advertising Rates contact:

Carol Haney

Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY Telephone: 01-248 8000. Exta 4657

Would you to recruit **Personnel** irector who doesn't read Does it surprise you that the FT reaches 54% of department heads in the UK whose main

responsibility is for personnel and training*.

It shouldn't. With our comprehensive and authoritative coverage of business trends, no self respecting Personnel Director can afford to miss our pages.

You may also be pleasantly surprised to learn that advertising space on our Thursday Appointments pages is 30% cheaper than the Daily Telegraph and almost 40% cheaper than the Sunday Times.

Do we need to comment further? Call Francis Phillips on 01-248 8000 for details.

recruitment No FT...no comment.

*The European Businessman Readership Survey 1984.





INTERNATIONAL CAPITAL MARKETS

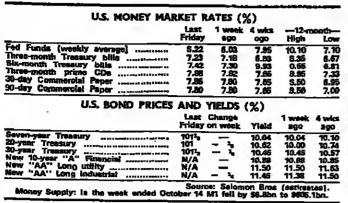
U.S. MONEY AND CREDIT

Japanese moves cause further uncertainty

THE JAPANESE monetory authorities have added to the uncertainty in the U.S.—and international—credit markets. U.S. bond markets were doing just fine early last week. In fact prices hit a two-month high on Tuesday, choosing to shrug off the continued uncertainty over the forthcoming flood of Treasury funding, the domestic economy and the Federal Reserve's monetary

But just as the foreign exchange markets began to test the resolve of the central banks to hold the dollar down, the Fed stepped up its huying of foreign currencies and the Jepenese monetary authorities delivered a body blow.

The Bank of Japan's moves to tighten beat terms and its



delivered a body blow.

The Bank of Japan's moves to tighten short-term credit sent Japanese bond prices into a teilspin and had a dramatic,

be crucial to the health of the

U.S. merkets. Salomon Brothers notes: "This Reflecting this, U.S. bond foreign exchange intervention prices dropped as much as a helps to explain why the Fed points in early Friday trading, aeemed so stingy in coonductlargely because of big over- iog domestic night selling orders from operations in the past week, Europe and Japan. But after but it does not provide any inthe initial flurry, the U.S. sight into why the Federal markets settled down as funds rate has been stuck at the initial flarry, the U.S. markets settled down as participants took stock and 8 per cent."
decided the threat was still Indeed to more perceived than real.
Nevertheless the Friday sell-

between and a points by up to a points and left the Treasury long bond a point lower on the week at 1011.

The Fed's activities in the foreign exchange markets—the foreign exchange markets-the U.S. monetary authorities are believed to have bought at least \$500m of foreign cur-

Treasury issues just et the rencies last week-arc also add-time when such demand could iog to market uncertainties.

Indeed, the high funds rate prompted some renewed specuprompted some renewed speculation that a slight Fed firming move might be under way. Geoerally, however, such speculation is firmly dismissed by senior Wall Street economists, most of whom are abill predicting a steady Fed policy stance, or, in the case of a few like Mr Philip Braverman of Briggs Schaedle a Red easing once it Schaedic, a Fed easing once it becomes clear that such a move is necessary "to stimulate the economy and shore up the

financial system." The continuing lacklustre performance of the domestic U.S. economy and evidence of the vulnerability of the financial system because of problem among a long list of reasons why Mr Braverman believes the

UK GILTS

Fed cannot afford to firm and balance of trade and leading cession by the \$12.5bn midwill eventually have to ease. economic statistics on Thursday, quarter refunding. Up to \$50bn

M1

the theory that the red as already tugged at the monetary reins was partly laid to rest hy the banking figures released last week, which showed bank discount window borrowings averaging a modest \$470m a day—the lowest since the end of

July.
This week will see new evidence of the state of the economy in the form of Septem-ber factory order statistics, due out on Wednesday, September would be followed in quick suc-

will eventually have to ease.

While little emphasis is placed on the sharp \$6.80n decline in M-1 reported last week — which is expected to be quickly reversed — Wall Street economists are scaling back their fourth-quarter GNP forecasts to around 3 per cent.

It may also see further steps by the Treasury to circumvent the theory that the Fed had already turged at the monetary

FEDERAL RESERVE MONETARY TARGETS

M2 |||||||

guarter GNP forecasts to around 3 per cent.

It may also see further steps by the Treasury to circumvent the Congressional impasse over raising the debt ceiling by using such "backdoor" measures as the Federal Financing Bank's horsesting ability and if needs borrowing ability and, if neces-sary, by selling holdings of non-

marketable securines
The U.S. markets are poised for an announcement any day now of the \$17.5bn auction pack-age of four-, seven and 20-year

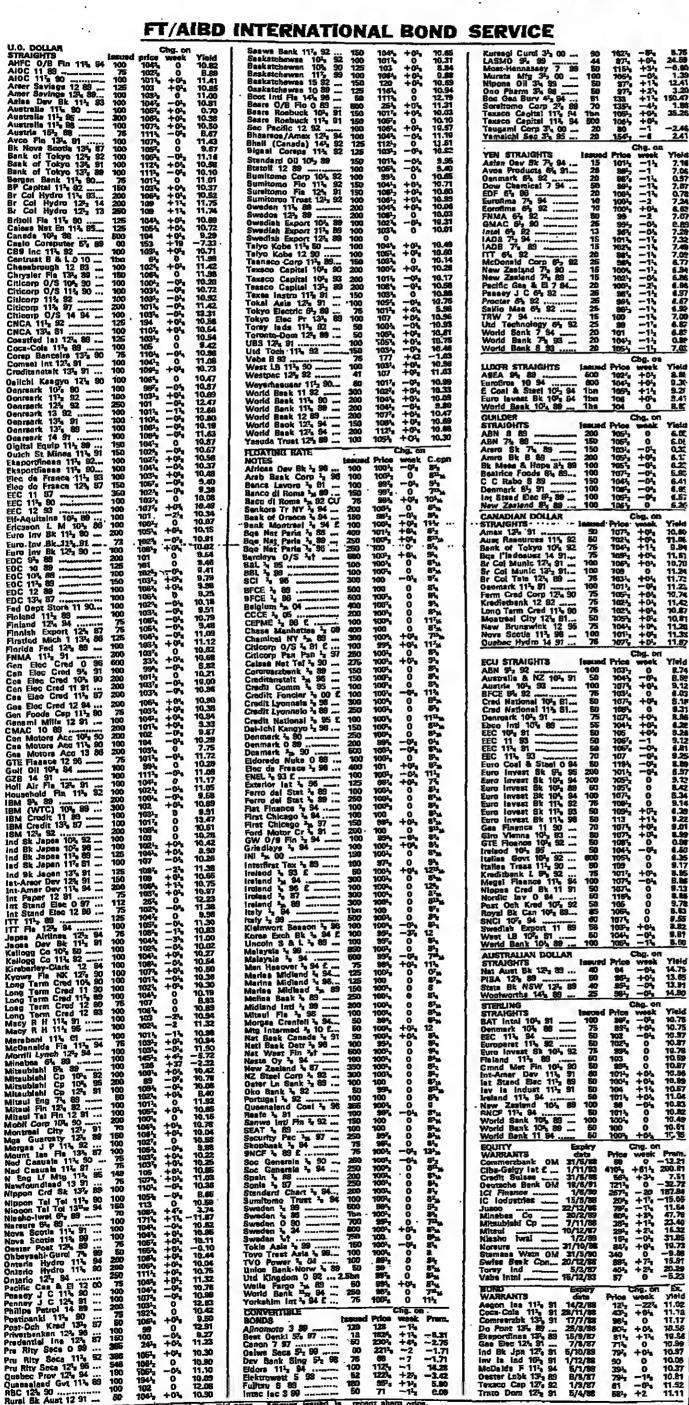
quarter refunding. Up to \$50bn in new Treasury paper may be offered in the next few weeks.

Meanwhile, corporate treasurers continue to rush new icrosome to market diving issues to market — diving through sn uncertain "financing window." Last week saw medium-term prices rise by about i point while long-term issues dropped by about i point. Among the new issues, At intic Richfield sold \$200m of five

####

tic Richfield sold \$200m of five-year 9‡ per cent notes priced to yield 9.824 per cent and another \$150m of 10-year 10‡ per cent notes priced to yield 10.622 per cent. IBM sold \$250m of 10‡ per cent 10-year notes priced to yield 10.308 per

Paul Taylor



Traders awake to the power of the East FRIDAY WAS the day when the gilt-edged market began to

Traders in the London market bave long been used to starting thair day with a quick review of how New York had finished the previous night. And there are frequent mid-day lulls when they wait to see if the U.S. opening gives a decisive lead.

The Tokyo bond market, bowever, bas been largely ignored

even though, or perheps because Japanese investors have established themselves as the higgest players in other The traumatic clump

Japanese bond prices on Friday — some were saying that it was the worst since 1945 — changed the worst since 1945 — changed all that. After drifting gently lower for most of the week, long-dated gilt-edged stocks lost up to 2 points in response to the events in Tokyo.

Brokers were still talking of a favourable supply outlook for gilts in the wake of Mr Nigel Lawson's Mansion House far less certain when this might be translated into higher prices.

more seriously in Tokyo than in Washington. And the agreement always implied that if the impact of currency intervention began to wear thin then interest rates might be the next

But the aggressive action by the Japanese authorities to push up abort-term interest rates towards the end of last week still managed to wrong-foot most of the big Tokyo securities

And as the news reached London and New York, traders in those markets speculated on the possible wider implications.
The first thought was that
Jepanese investors might have
to liquidate part of their holdings of overseas honds to cope with the growing cash shortage in their domestic market. The second was that the sharp rise In Japanese yields eroded the

relative advantage of other markets. Traders then began to wonder in to tak whether the Japanese Gavern yields." in to take advantage of high

Japan had been making it ment would seek firmer controls clear for some weeks that the Group of Five pact to depress the dollar was taken perhaps of the latest move. Capital outflows had already fallen to between \$2.5bn and \$3bn in September from e peak

of over \$8bn earlier in the year, bad also prompted investors to after the "official guidance" look again at the outlook for given to Japanese securities

bouses in the late summer.

The Mansion House speech The assumption that Japanese investors would soap up the flood of new U.S. Treasury issues, expected once the U.S.

debt ceiling is reised, no longer looked so certain, although initial panic in New York gave wey to a less pessimistic vlew. Despite the strong foreign buying since this year's Budget, the UK gilt-edged merket is traditionally far less reliant on

overseas investors. According to Mr Stephen Lewis, an economist at Phillips and Drew, however, Fridey's losses demonstrated "how de-pendent the 'bullish' view on UK gilts has become on hopes that foreign investors will move

Whenever that hope receded. be said, gilts were likely to suffer a setback, injecting a new At broker Rowe and Pitman economist Mr lan Harwood commented that the Japanese move

The Mansion House speech had already dispelled much of the optimism over the prospects UK rates, but there still lingering hopes of at least a small cut.

The events in Tokyo, however, suggested that, as long as the dollar looked like testing the central banks' resolve on jotervention, there was scope for lower rates in Europe. The real pessimists were even talking of a possible rise.

Thet and a spate of brokers' circulars suggesting that, after falling sharply in mid-1986, Britein's inflation rate will start rising again left the Government's Broker's £600m stock temporarily

Philip Stephens

This advertisement complies with the requirements of the Council of the Stock Exchange



Kingdom of Sweden

U.S. \$250,000,000 101/4 per cent. Bonds due 1992

> The following have agreed to subscribe or procure subscribers for the above Notes:

Swiss Bank Corporation International Limited

Algemene Bank Nederland N.V. Bank of Tokyo International Limited Banque Bruxelles Lambert S.A. **Banque Paribas Capital Markets** Credit Suisse First Boston Limited Dresdner Bank Aktiengesellschaft **Merrill Lynch Capital Markets** Morgan Grenfell & Co. Limited

Morgan Stanley International Orion Royal Bank Limited Salomon Brothers International Limited Svenska international Limited

Union Bank of Switzerland (Securities) Limited S.G. Warburg & Co. Ltd.

Application has been made for the 101/4 per cent. Bonds due 1992 to be admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary Global Bond. Interest is payable annually in arrears on 20th November, the first payment being made on 20th November, 1986. Full particulars of the Notes will be circulated in the Extel Statistical Service and may be obtained during usual business hours (Saturdays excepted) up to and including 30th November, 1985 from the Company Announcements Office of The Stock Exchange and 12th November, 1985 from:

Swiss Bank Corporation International Limited, Three Keys House, .130 Wood Street, London EC2V 6AQ

Hoare Govett Limited, Heron House. 319/325 High Holborn, London WC1V 7PB

Bankers Trust Company. Dashwood House, 69 Old Broad Street, London EC2P 2EE

Amro International Limited

Banque Nationale de Paris

Morgan Guaranty Ltd

Bankers Trust International Limited

Citicorp Investment Bank Limited

Samuel Montagu & Co. Limited

Nomura International Limited Post-och Kreditbanken, PKbanken

Deutsche Bank Capital Markets Limited

Shearson Lehman Brothers International, Inc.

Enskilda Securities - Skandinaviska Enskilda Limited

28th October, 1985

CORPORATE FINANCE

Societe Generale transforms its capital base

traditionally a major force in the domestic economy, is hack in the markets for the third interest markets for the third issued and the capital stood at the section of carry out one or more capital.

The process of change that to carry out one or more capital increases up to a maximum of started then, and continued last year. was part of a wider trend outside Belgium, in the form of a Euro-equity as a prelude to another domestic rights issue. It is proposing to issue a maximum of 3m new sbares to, preferably, institutional investors et a price which will probably be at a discount of around BFs 100 to the Brussels market price of BFrs 2200 at the time of operations, its capital will price of BFrs 2200 at the time of the announcement.

bas finished its current series of operations, its capital will have been trehled, enabling both the retiring of debt and the financing of new investment.

offers, expressed the desire of the The search for international company for what be called shareholders is a natural conbas finished its current series at that time be was in contact seas spread of Societe Genology of the search for international company for what be called shareholders is a natural conbast finished its current series at that time be was in contact seas spread of Societe Genology of the season of the season of societe Genology of the season of the season of societe Genology of the season of the search for international company for what be called shareholders is a natural contact season of the search for international company for what be called shareholders is a natural contact season of the search for international company for what be called shareholders is a natural contact season of the search for international company for what be called shareholders is a natural contact season of the search for international company for what be called shareholders is a natural contact season of the search for international company for what be called shareholders is a natural contact season of the search for international company for what be called shareholders is a natural contact season of season of the search for international company for what he called shareholders is a natural contact season of the seaso

SOCIETE GENERALE, Bel 22m from 19.3m.

perhaps BFr 4bn with a new promoting itself in the main crease of Electrafina, another financial centres of Europe.

The new financing bas been for interests; and, of course, to traditionally a major force in Before the 1983 rights issue, the domestic economy, is hack there were some 10m shares in the markets for the third issued and the capital stood at to sharebolders for permission to shar

show that at the eod of 1984, debt with more than one yeer but less than five years to run but less than ave years to run came to BFrs 1.7hm, down from BFrs 2.69hm a year before, thanks to the use of funds raised by the earlier rights issues. The company itself attributes the lower load of debt as a reason for its ability to increase the 1984 dividend to BFR 90 and from BFR 90 the

price of BFrs 2200 at the time of operations, its capital will have been trehled, enabling both the retiring of debt and capital to about BFrs 30bn (\$559m) from BFrs 24.1bn, the level reached after rights issues on the domestic merket in November 1983 and December 1984. The number of issued shares would climb to just over the international market, and shares would climb to just over the first size of operations, its capital will be was in contact with Credit Suisse First Roston with Credit Suisse First Roston in the financing of debt and Swiss Bank Corporation and Swiss Bank Corpor There is likely to be enother

Buitoni buys 75% stake in rice group

BUITONI, THE Italian foods group which was taken over earlier this year by Sig Carlo de Benedetti, has bought 75 per cent of Riserie Virginio Curti, a leading Italian rice producer and distributor. The acquisi-tion price was not disclosed,

Curti's total sales last year came to L90bn (\$50m), of which 60 per cent was at bome and the balence outside Italy.
Buitoni said the Curti acquisition was part of its strategy
of offering a complete line of
foodstuffs. Aside from its pasta interests. Buitoni also controls Perugina, the chocolate manu-

Alitalia, the Italian state air-line, is to offer L120hn of its share on the Milan bourse, equivalent to 15.8 per cent of the company, according to Sig Umherto Nordio, the chairman.

facturer.

up to one-third of its capital (osses of \$272.7m a year earlier, posted to investors wilhout specific mainly reflecting special \$3.4m, approval.

The flotation of 15.8 per cent of its ordinary shares is ex-pected to go through before the end of this year.

Battle over SCM bid resumes tomorrow

BY TERRY DODSWORTH IN NEW YORK

THE BITTER court-room bettle over the bid for SCM, the U.S. of the options, will bave been of the UK is to resume tomorrow after lawyers failed to meet the deadline for the cross-examination of witnesses at the end of last week.

Because of the delay, Merrill Lynch, the New York securities house which has mounted a rival offer for SCM, has agreed to delay the exercise of "lock-up" options to acquire certain assets from the U.S. group, until early next week. It is expected thet judgment on the case, which was hrought by right to acquire the assets that in a separate case in Dela
Hanson to contest the granting are of most interest to the hostile company—thereby undermining the rationale of the option against an option agreement grented by Revion, the cosmology offer.

Hanson's lawyers beve tried to undermine the tactic by argument to undermine th

Further profits for Armco

BY OUR NEW YORK STAFF

share on the Milan bourse, equivalent to 15.8 per cent of the company, according to Sig Umherto Nordio, the chalrman.

The shares are to be placed on the market by IRI, the stete holding group which controls Alitelia. Under current IRI guidelines, the airline can sell up to one-third of its capital to investors without specific mainly reflecting specific in the second quarter since mid-1982.

Armcos first quarterly profit since mid-1982.

Armcos first quarterly profit in the profits of \$33.8m from its four continuing lines of husiness in the quarter on sales down to share.

The results compare with 1984 third quarter Armco posted an operating loss of mainly reflecting specific.

ment businesses and losses on discontinued financial services businesses, and follow flet carn-ings of \$18.1m or 24 cents a

Delta Air Lines setback

BY OUR NEW YORK STAFF

fare discounting.

DELTA AIR LINES, the sixth stantial gains on the sale of largest U.S. domestic airline, aircraft during the 1984 period reported sharply lower fiscal to e 19 cents a share, compared to e 19 cents e share gain on insurance payments proceeds increased competition and fierce during the latest quarter.

fare discounting.

Syst. Im from \$1.02bn. In the 1984 third quarter Armoo posted an operating loss of \$3.4m.

For the first nine months Armoo reported net income of \$44.6m or 57 cents a share compared to a loss of \$230.5m or \$230.5m or \$33.62m from \$72m. mile to 14.08 cents from 15.17 or \$33.65

	America		Av. He	Сопрол		Book Runner	Offer yes Si
Borresacs	69-	Materity	years	96	Price	Poor Hanne	
U.S. DOLLARS				Michelan	_	Wood Gundy	
Barrick Resources (e) 5	50	2600	15 15	23/4	198	Daj-Jehi Kangyo let.	2.75
Dai-Ichi Kaugyo Bir 51	198	2901		23/4	188	Micho Secs. (Eur)	2.75
(ananouchi Pher. 51)	50	2000	15 5	636	100	Milder Secs. (Eur)	6,37 5,82
Nomen Yusan ¶‡ UBS Finance ¶‡	59	1998 1992	7	5	181	UBS (Secs)	3.64
MCorp Financial (b)††	160 125	1997	12	1/4	180	CSFB	11.28
EPCA Finance 1	100	1995	18	117/2	101	Bookers Trust Int.	10.27
ES ‡	200	1994	9	1814	55%	SBCI	10.20
BAA World Trade 1	150	1995	12	1014	10914	Salomen Bros.	10.16
Bild World Trade	108	1995	10	1074	1801/2	Saleman Brus.	5.97
Golden Cap. Carp. 1	150	1992	7	976	991/2	Morgan Guaranty	18.67
Corporate Preg. key, 1	100	1892	7	10%	551/4	Morgan Guaranty Deutsche Sk Cop. Mits.	18.38
Thyssen Holding Corp. ‡	50	1992	7	181/2	1691/2	Delicitate for role maries	18.31
Sweden (c)‡	- 368	2015	30	101/4	29%	Horgen Szenley Banque Indonesz	
Banque kniesesz (d) † ‡	125	1997	12	V4	100	S.G. Warberg	to.75
WNC Finance ‡	75	1992	7	1634	180 181	Salomon Bros.	
Great Lakes Fed (g) † ‡	125	1997	12	76	10134	Yamachi let. (Eur)	18.13
Shimiza Con. I	50	1992	-7	181/2	100	Merrill Lynch	
Chicarp (A) † ‡	350	2035	50 12	221/2bp 3/14	160	Merrill Lynck	
Hen. Hanever (1) †‡	280	1997	18	101/2	101	Bassone Parities	5.96
Metropolis of Tokyo ‡ Chase Manhattan (k) † i	100	1995 1997	12	Va	100	Shearson Luberen Bros.	
The second second second	176	1221					
CANADIAN BOLLARS					40074	nin Coul Cost	18.83
Montreal Treston	. 50	1990	5	11	100%	Orion Royal Bank UBS (Secs)	10.75
Sk of Montreal Rity. ‡	: 75	1992	7	103/4	108 180	CRC (Secs)	18.37
Royal Truston Canada ‡		1990	5	181/2	1801/2	Orien Royal Bank	18.38
MAC ‡	75	1981	- 6	1842	10472	0.00	
NEW ZEALANG DOLLARS							18.80
let Fin. & Trade I	. 58	1558	3	18	160	Benges Paribus	17.88
Lordic My. Bank ‡	58	1988	2	18	18074	Morgan Stanley Kradiethank Int.	
Confiethesis Len	. 25	1988	3	1734		(Tabilitation) ser-	
MARKS	: .				-		
sfing I	200	1995	16	57/4	100	Dresdner Bank	8,75 8,51
related 1	280	1935	78	5 7/2	587/4	Commercianic	6.87
t. J. Beymottle 1	265	2008	15	6%	186	Morgae Gouranty	6.75
Ford Bank	350	2 59Z	7	634	393/4	Bayerische Landeshank	6.87
ermaco Corp. ‡	250	1995	18	5 %	100	Commerzhank Commerzhank	6.58
Tryssen Car Fir. 2	. 250	1235	10	634	1001/2	Contractor	
INISS FRANCS							2 47
legt. St. Izutstrye ** ¶1	38	1990	-	276	100	Handelshook .	2,871 2,251
larva Kosho Louse **5]	50	1891	-	2Ve	100	UBS	5.50
hase Corp. "St	100mmx	1991		51/2	100	Society	
isaka Fish Market " " §	28	1991	-	(134)	997/4	Handelsbook UBS	9.55
lai-ichi Hoosing koon ** ‡	23 308	1999	-	51/2 (13/4)	100	Cridit Salase	,
ianyo Electric **5 Yorid Bank **1	258	1990 1990	Ξ	51/2	29%	285	5,18
Yorio Bank ***	258	1991	_	51/4	100	Cridit Solve	5.25
Verit Back **	250	1292	_	53/6	100	SBC	5.37
commence Ur. Casher ""I	21	1998	_	51/4	18974	Crisit Suisse	5.86
Communents Ur. Camber: "". Sit Bork "	45	1990	-	51/2	100	Kredisthank (Spisse)	5.50
Steui & Ca. ""ITST	199	1991	· _	1 .	108	SBC -	1.89
	100	1581	_	(2)		SEC	9
Antsmakeya Co. **5	58	1991	-	(134)	108	Cradit Salese	
poemi Transport " "	50.	1990	_	(31	•	Wirtschafts- und Privik	-
EC †	100 100	2000 1991	_	51/2	188 108	Citicorp 8k (Switz) Kradinihook (Swisse)	5.50 5.25
elgion "1			_			Swiss Volksback	
oyo Manka Kalabe ** 9	190 120	1990 1985	_	(3) (5-1/e)	100	Criedt Suisse	
ity of Yokokansa	300	2005	_	19-16	34,273	Socitic	5.50
arty ‡	-						
TERLING							
Mance & Laic, B. Soc. (e) †‡	150	1993	8	1/2	108	S.G. Warburg	10.62
SW Treasury Corp. ‡	50	1952	7	185/4	100	S.G. Warburg	70,02
RISH PURITS							
78 İ	15	1995	- 18	111/2	97.80	Alled Irish Inv.Bk	11.58
Cis							
	70	1992	′ 7	SVe	105	BIRP	9.12
ie des Machines Boll 🕽	10	1994		376	100	OM.	
RENCH FRANCS				-			
FCE I	780	1990	5	107/2	1001/4	Société Céntrale	18.80
DOCUMENTE FRANCS .							7.
Variet Bank ""I	300	198D	5	9	1001/2	C. d'Epargne de l'Etat	8.872
	300	1350		·	10072	· G. of Charles no I rear	
ARISH KRONER			_				
Yorki Bauk ‡	308	1992	7	97/4	100	Sperakesson SDS	9.75
USTRALIAN SCHILLINGS					· ·		
Verid Bank **1	590	1992	7	71/4	991/2	SZB Dest, Sparkasson	7.344
•	2017		_ <u></u> _				
EX Lack Maturgus III	26hu	1995	18	2	1011/2	Yannachi Int. (Ent)	7.77

* Not yet priced. I find terms. ** Private placement. S Convertible. I Hosting rate note. ¶ With aquity whereasts. (f) With hand warrents. I final currency. (a) Gold linked; 11% min. first 2 yrs. (b) Missourich; We must find liber. (c) Hegistured with U.S. S.E.C. (d) We must find Great compact to May 27 *85 11 1½ n ½ n n, platitional 250cs top. (f) Baddempton ex 185 glibing yould de 1.895. (g) % near 3m Liber; maximum compact 13½ by y 6 provents. (h) 22½ in town for librat. (g) ½ n near 3m Librat; maximum compact 13½ by y 6 provents. Note: Yields are nelcolated on ABB basis.

certains appears as a matter of record only

It's how much how soon

that separates the

Any investment bank can talk about placing new issues.

winners from the losers.

UBS Capital Markets Group Investment banking on a worldwide scale

Union Bank of Switzerland Capital Market Financing Bahnhofstrasse 45 e 01/234 11 11

Union Bank of Switzerland



Harrisons & Crosfield PLC

£110,000,000 **Revolving Credit Facility** with Associated Tender Panel for £130,000,000 Arranged by

BARING BROTHERS & CO., LIMITED

Lead Managed by

Barclays Bank PLC

Central Trustee Savings Bank Limited

Managed by

Baring Brothers & Co., Limited Standard Chartered Bank

Lloyds Bank Plc

Standard Chartered Bank

Algemene Bank Nederland N.V.

Banque Nationale de Paris p.l.c.

Banca Commerciale Italiana

Barclays Merchant Bank Limited

The Dai-Ichi Kangyo Bank, Limited

Bank of Ireland

Credit Agricole

The Fuji Bank, Limited

The Mitsubishi Bank, Limited

The Sumitomo Bank, Limited

The Sanwa Bank, Limited

The Toronto-Dominion Bank

Algemene Bank Nederland N.V.

Underwriting Banks

Central Trustee Savings Bank Limited **Bardays Bank PLC**

Barclays Merchant Bank Limited

Lloyds Bank Plc **Baring Brothers & Co., Limited**

Algemene Bank Nederland N.V. London Office

Banque Nationale de Paris p.l.c.

Banco di Napoli

Baring Brothers & Co., Limited Credit Commercial De France London Branch Deutsche Bank Aktiengesellschaft

The Industrial Bank of Jepan, Limited

The Mitsui Bank, Limited Societe Geoerale

Toronto Dominion International Limited

Tender Panel Members Amsterdam-Rotterdam Bank N.V. London Branch Banco Di Roma

Barclays Bank PLC Central Trustee Savings Bank Limited

Credil Du Nord Dresdner Bank A.G. Lloyds Merchant Bank Limited

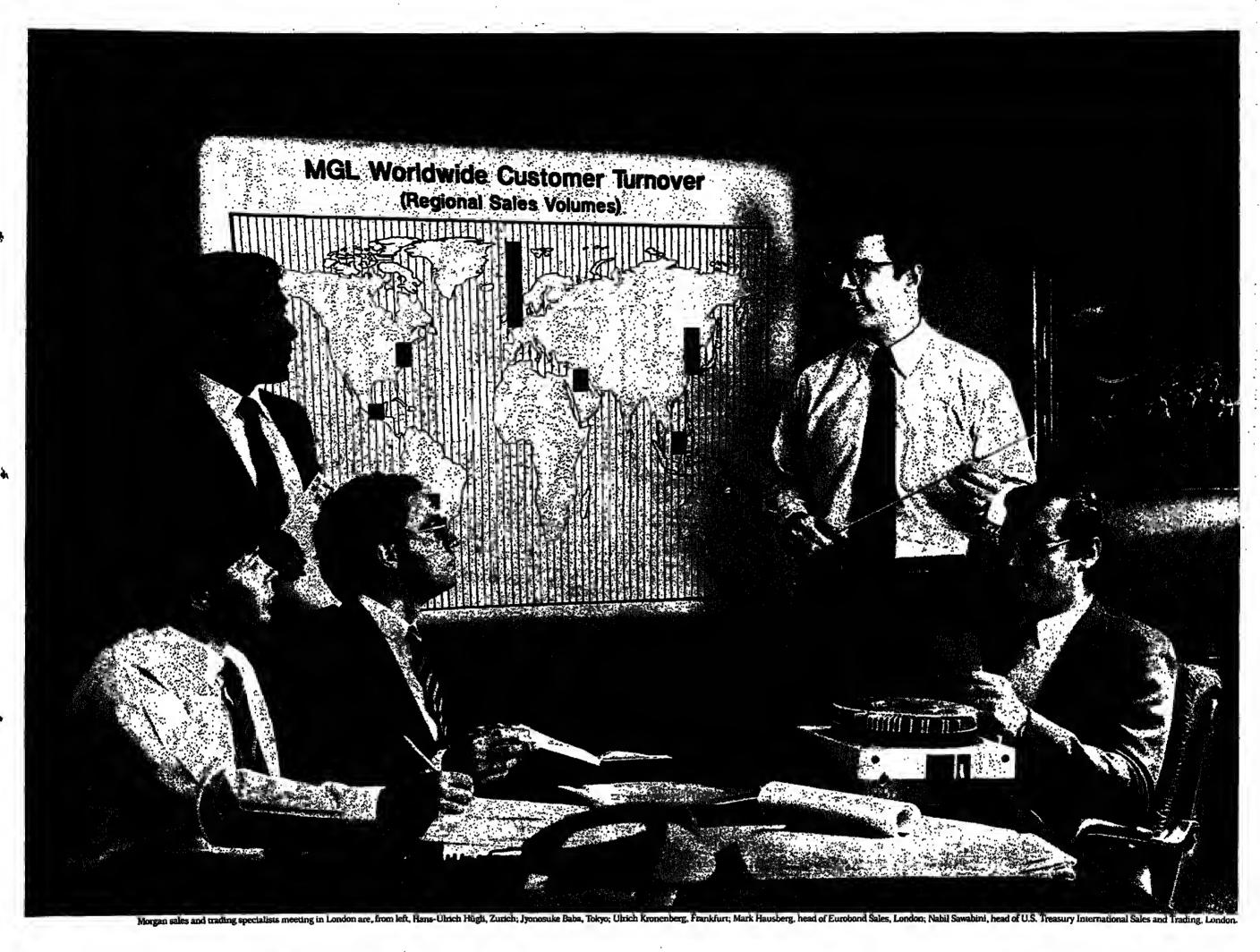
The Royal Bank of Canada Standard Chartered Bank

Union Bank of Switzerland

Tender Panel Agent Baring Brothers & Co., Limited

1110

Morgan makes markets, and makes them work for international investors



Institutional investors actively managing portfolios of international securities expect a lot from a dealing counterparty. They get a lot at The Morgan Bank.

Customised service. Morgan does more than just buy and sell securities. We're interested in developing and maintaining long-term client relationships. We listen to your particular objectives, and then we help you achieve them with new ideas, careful analysis, and customised service.

Secondary market strength. Morgan is known for successful Eurobond issues. But our strength in structuring issues that sell is based on a deep involvement in secondary markets. No bank knows more about the interrelated elements that affect

financial markets—interest rates, currency fluctuations, and capital flows. Our dealers exchange vital information around the clock so we can give clients timely and accurate financial market updates.

A wide range of products. Our clients look to Morgan for Eurodollar bonds and U.S. Treasuries, but we also give them much more. We make markets in non-dollar-denominated Eurobonds and government securities, floating-rate and short-term notes, CDs, currency options, and warrants. Through Morgan Futures Corporation we act as a broker for financial futures. And Morgan is active as a principal in securities markets in Amsterdam, Frankfurt, Zurich, Paris, London, and New York.

Morgan professionalism. When you work with Morgan you get over 100 years of international financial experience—and the strength of a bank with nearly \$5 billion in primary capital. You get a network of sales and trading specialists that stretches around the world. And you get the highest level of skill and professionalism.

Talk to Morgan about how we can meet your international securities investment and trading requirements. Contact Mark Hausberg for Eurobonds or Nabil Sawabini for U.S. Treasuries.

Morgan Guaranty Ltd, 30 Throgmorton Street, London EC2N 2NT. Phone (44-1) 600 7545.

The Morgan Bank

Member FDIC (incorporated with Immed habitly in the U.S.)

130 113.0 5.0 8.6 6.2

EQUITIES

FP 7/11 105 FP 5/10 7 FP 5 100 1/11 148

| 100 | 1/11 | 148 | 117 | 117 | 117 | 117 | 117 | 127 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125

RIGHTS OFFERS

11 11

22/11 11/11 21/11 6/11 22/11

FIXED INTEREST STOCKS

PENDING DIVIDENDS

Polymark interim profit hit by technographics setback

Times Veneer

timher, veneers and processed wood products.

Turnover rose from £2.7m to £3.42m over the first six months of 1985 and generated a higher operating profit of £170,000 compared with £99,000. Interest payable was £59,000 (£45,000).

Exprises per chare were £ £8.00.

Earnings per share were 0.66p As a result of the profits

improvement, a capital expendi-ture programme has begun in order to enhance efficiency, and develop new products in the manufacturing division.

Current trading, the directors eay, indicates that the improve-ment should be maintained and,

nn the hasis of that trend con-tinuing, shareholders can expect a dividend at least equal to

8 Lovat Lane London EC3R 88P

Capitalisata. £000's

Granville & Co. Limited

Member of The National Association of Security Qualers and Investment Managers

Over-the-Counter Market

doubled at

£111,000

A BIGGER than expected setback at its technographics division loft Polymark Intercational with a sharply reduced pre-tax profit of £5,000 for the first half of 1985, against £171.000 tast the group's recovery will gather company incurred a loss of £111.6,000.

The directors say the half-time result is very disappointing. The v point out that this is partical arily so in view of a significant improvement at Polymark for the profits of £302,000 against a £ 5.000 loss and sustained profits ibility of the laudory division (1000 loss) and sustained profits ibility of the laudory division (1000 loss) and sustained profits ibility of the laudory division (1000 loss) and sustained profits ibility of the laudory division (1000 loss) and sustained profits ibility of the laudory division (1000 loss) and sustained profits ibility of the laudory division (1000 loss) and sustained profits ibility of the directors conditions.

However, despite the technographics severe loss of £231,000 (£186,000 profits), the directors mainly in the technographics division is now ventured to the company's reli
They confidently expect that the prospects the remainly expect that in other markets which collapsed before it was able to launch new products in other markets.

A major cost cutting oxercise was conducted during the first half and the division re-organised with lower overheads and the time propose in the dividend due on June 30, 1985 on the preferred the pay-ment of the dividend due on June 30, 1985 on the preferred the pay-ment of the dividend due on June 30, 1985 on the preferred the pay-ment of the dividend due on June 30, 1985 on the preferred the pay-ment of the dividend the division re-organised with lower overheads and the tiris and the division re-organised with lower overheads and the tiris and the division re-organised with lower overheads and the tiris and the division respect to the profits during the late of the division respect to the profits during the first t

Dwek up to £103,000

Dwek Group, a holding company with interests in PVC sheeting and houseware products, has returned higher sortes and cookware divisions taxable profits of £103,000, against £42,000, for the first half of 1985.

Turnover was down slightly More than doubled interim taxable profits of £111,000, against £54,000, wore achieved by The Times Veneer, a manufacturer and merchant of

Turnover was down slightly from £7.89m to £7.77m. Thero was again no tax, leaving earnings per share of 1.22p compared with 0.5p.

BET describes Sparrow as weak

BET, the intercational services group, currently hidding for G. W. Sparrow & Sons the leading crane hire group and SGB the far larger scaffolding company, has released its offer docu-

ment for Sparrow.

It describes Sparrow as "a weak company in an industry suffering from over-capacity. A eeries of management changes has failed to half its declino and, meanwhile, its borrowings have risen to a very high level." BET says that the one for five share offer with a cash alterna-

Telephone 01-621 1212

Chonge Grass Yield Full/ Price on week div.(p) % Actual taxed

P/E Fu1/

tive of 60p a share would increase the capital value of a Sparrow investment by 72 per ceet or 54 per cent if cash is

This resulted in a net extra ordinary loss of £23,000. The

negotiations were protracted and

the full benefits looked for will not now arise until 1986.

accepted.
We are making an attractive offer for your chares in Sparrow especially bearing in mind that it has just made e loss of over 7p per share. You will be divestpany with exceptionally high gearing, which is feeing a daunting rationalisation programme in a highly competitive market."

The Republic of Italy

U.S.\$500,000,000

Floating Rate Notes

due 2005

of the Notes, notice is hereby given that for the Interest Period from 28. October, 1985, to 29 November, 1985, the Notes will carry an

1985, the Notes will carry an interest rate of 31/36 per angum. The interest payable on the relevant interest payment date, '29 November, 1985 will be US\$73.33 per US\$10,000 nominal amount in Bearer (Coupon No. 3) or Registered form and US\$1,833.33 per US\$250,000 denomination in Bearer form (Coupon No. 3).

28 October, 1985. The Chase Manhattau Bank, N.A. London, Ageut Bank.

Prince of Wales sees full-year downturn

stantial increase in interest charges it is likely that results for 1985 from the Prince of Wales Hotels group will be less than the previous year, when the man the previous year, when the pre-tax profit reached £763,000. The higher interest charges arise from the refurblehnent programme which best taken place in a number of the group's properties. In the first half of this results are also as the properties. place in a number of the groupe properties. In the first half of this year charges were up from £430,000 to £632,000 and had the effect of putting the group into a loss of £174,000, compared with a profit of £24,000 last time.

Given the poor weather experienced in the period, the directors feel the hutels have traced satisfactorily. There is no contribution from the restaurants and inns division because the properties are in course of disposal.

Turnover in the first half came to £5.83m (£6.85m) from which the trading profit was £588,000 (£555.000).

Below-the-lina extraordinary charges total £81.000 (£386,000) and include costs related to the rationalisation of the restaurants and inns. Loss per share was 1.4p (oarnings 0.2p).

Channel Tunnel

THE DIRECTORS of Channel THE DIRECTORS of Channel Trunnel Investments say the prices at which the shares are trading on the stock market—2050 down 150 on Friday—appear difficult to justify.

They explain that the interests in the assets of the former Channel tunnel study groop are written down to 22 in the balance sheet, although they may have a greater value if a tunnel is built. And other assets, comprising mainly cash and gilt

tunnel is built. And other assets, comprising mainly cash and gilt edged securities, have a net value of about 17p per share. In the six mouths ended June 30 1985 Channel Tunnel produced a pre-tax profit of £1,917, compared with £1,889, with gross interest from listed investments amounting to £7,471 (£7,381). Not earnings were a same-again 0.09p per share.

Banco di Roma U.S.\$150,000,000

Floating Rate Depositary Receipts due 1992

Notice is hereby given that the Rate of interest relating to the above issue has been fixed at 8.2875 per cent for the period 28th October. 1985 to 29th November, 1985. Interest payable on 29th November, 1985. will mount to US\$73.67 per US\$10,000 Deposit and US\$1,841.67 per US\$250,000

Agent Bank: Morgan Guaranty Trust Company of New York London

Development costs slow Gieves growth in first six months

annual report.

The expenditure over the half

has been almost matched by greatly improved results from the book and magazine manufacturing division, and the group's pre-tar profit is maintained at £378,000, compared with £370,000.

£370,000.

Although there has been no sign of it yet, the directors say there must be a possibility that the weakening of the U.S. doi: the weakening of the U.S. doi: the net attributable profit for the weakening of the company's business. Subject to that, present 3.6p (2.7p) per share.

Expenditure on developing the International subsidiary of licensers and exporters has cost the Gieves Group £122,000 in the six mooths ended July 31, 1885. They have clready indicated at least a maintained 3p total divipenditure is expected to be "somewhat less" than the £250,000 mentioned in the last annual report. be dend for the year, and are the repeating the interim of 1p net. last Turnover in the half year rose from £12.8m to £16.45m and the half trading profit from £436,000 to hy £537,000. Apart from book manu-£537,000. Apart from book manufacturing, the tailoring and outfatting sido contributed £242,000 (£231,000), publishing and library supplies £171,000 (£126,000) and motor and petrol retailing £32,000 (£44,000). Parent company expenses £131,000 (£105,000).

After tax £70,000 (£129,000).

Clayton Son incurs loss Clayton Son & Co (Haldings), Australian company, J. F. Thom congineer, incurred a pre-lax son Pty, it is no longer to be loss of \$27,000 in the first half

loss of 137,000 in the first half of 1985, against a £29,000 profit last time. The result included a £21,000 share of associates' profit this time, compared with a £213,000 loss.

Despite improved trading, the small carry-forward of orders at the heginning of the year resulted in a shortage of completed contracts and a consequential trading loss for the period. However, profitshle business is proceeding and this will show itself at the year end. Following the decision to discontinuo activities in the

Australian company, J. F. Thomson Pty, it is no longer to be treated as air associate. As a result, its results are not included in the interim figures. Provision has been made against the estimated diminution in the valuo of the Thomson investment, but the amount which will ultimately be realised is dependent on the sale of assets in Australia. Turnover for the half year was £3.6m (£6.11m). Stated loss per 50p share came out at 1.57p (3.51p) and there is an interim dividend of 1.5p—last year's single final payment was 6p.

Hard Rock consolidates in U.S.

shares. The Piccadilly restaurant is

The Hard Rock Cafe, the Lon-don hamburger bar, is going York restaurant. Mr Isaac Tig-ahead with plans to consolidate rett, a joint chairman of the UK its interests in the Hard Rock company, holds 29 per cent and Cafe in Now York and seeking another 61 per cent is held by to issue 10m new ordinary U.S. companies and inviduals. Henunciation data arousily hast day for dealing free of stamp duty. In Flories based on prospectus estimates. A Assumed dividend and yield. In Forecast dividend cover based on previous year's servings. In Flories or misca dividend solders. It is sued by the property of captalization. Si Related duty shares on a "rights." "Issued by way of captalization. Si Related duty. Si Issued is connection with teorganization margis or takeover. Millionment (exters or tuly paid. If introduction. In Interest Securities Market. I Placing price. If Dealt is under Rule 535 (3). It is under Rule 535 (4) (a). U.S. companies and inviduals. The latter will be offered a com-The Piccadilly restaurant is hination of cash and shares in the currently quoted on the overthe-counter market at 74p, hat has said it is looking to foin the Unlisted Securities Market pre-tax, up from £382,000. In New York the first full year of trading yielded profits of £1.5m. Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (Indicated thus") have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

SHARE STAKES

Changes in company share W. G. Salisbury, director, disstakes announced over the past week include:

Watson & Philip — J. C. Hodden, director, disposed of 30,000 tor, has disposed of 56,000 ordinary shares at 112p and now hary shares and nave holds 52,500 shares (0.5 per 86,980 shares.

Racal Electronics - D. A. Webb, director, sold 6,500 ordi-

FT Share Information nary shares at 1429. The following security has
Exce International — J. A. been added to the Share

"SCA

"BFB."

FINANCIAL TIMES STOCK INDICES

	Oct.	24 24	Det.	SE OUT	21	18	Nigh		High	FOA
Government Secs.	84,04	.84.35	84.47	84,47	84.55	84,57	64.57	78.02	127.4	49.18
Fixed interest	90,09	90,35	90,38	60'26	e0.34	90.26	90.53	82.17	150.4	50.53
Drdinary	1950,8	1051.0	1051.5	1041.0	1048,0	1050,9	1051:6	911.0	106L6	49.4
Gold Mines	257,1	252,5	250.2	263,6	272.7	262,5	536,0	250.2	784.7	43.5
FT-Act All.Share	655,66	656,81	664,87	649,18	652,1e	652,75	656.81	581.88	866,81	51.98
FT-SE100	1347.6	1349.0	1340,4	1331,5	1540,3	1541,3	1349,6	1906.I	1349.5	595,e

LADBROKE INDEX 1047-1051 (-3)

£10,000,000

(Issue Price)

Deep discount loan stock 1990

Brown Boveri Kent (Holdings) plc

re-finance existing borrowing facilities

Arranged

COUNTY BANK LIMITED

£8,000,000

(Issue Price)

Deep discount loan stock 1992

James Fisher and Sons Public Limited Company



Arranged

COUNTY BANK LIMITED

dividend is again being paid. The board says that financial

Bank. Nov 18 Final 15c Oct 29 Final 1.8 Inda Nov 26 Interim 3.1

which has a 5 per cent interest in a bloc on the Moray Firth, reported a loss for the first half of 1985 of £1.47m, compared with a profit of £1.1m last time. No enable Seafield to reduce its large will be the seafield to reduce th enable Seafield to reduce its borrowings. Sunbeam already controls 75 per cent of industrial Yarns, which will therefore now

G1 Portland

Habitat

Administrative New 28 Properties 2.4

Habitat

Administrative New 28 Properties 2.4

Habitat

Habitat

Oct 30 Properties 2.5

Habitat

BOARD MEETINGS

The following companies have notified	8PB
detes of board meetings to the Stock	Chlo
Exchange. Such meetings am usually	Gree
held for his purpose of considering	Ham
dividende. Official indications are not	Law
evailable se to whether the dividende	Port
ere interime or finale and the aub-	N
divisions shown below ere based	Velo
mainly on last year's timetable.	Fi
Listering-	44



Ente Nazionale per l'Energia Elettrica U.S.\$300,000,000

Floating Rate Notes Due 2005

rally guaranteed as to payment of principal and interest by

The Republic of Italy

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest has been fixed at 8.433125% for the Interest Determination Period 28th October, 1985 to 29th November, 1985. Interest accrued for this Determination Period will amount to U.S.\$74-96 per U.S.\$10,000 Note and U.S.\$1,874-03 per U.S.\$250,000 Note. Total interest payable on 29th November, 1985 will amount to U.S.\$431-30 per U.S.\$10,000 Note and U.S.\$10,782-36 per U.S.\$250,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York

dollies 50

FINANCIAL TIMES SURVEY

Monday October 28 1985

The UK leisure industry has grown rapidly and is set to expand further. So complex is the sector, however, that those wishing to start a business often have difficulty raising finance. The failure rate for businesses is also high, for the industry is traditionally vulnerable to fast-changing fashions.

The right formula yields rich rewards

BY ARTHUR SANDLES

LEISURE, ALWAYS an object of aspiration, is now an object of investment. That is not to say that, as a sector, it is understood by investors. Leisure is such an all-embracing term, and the body of its practitioners so entrepreneurial a group, that the leisure business frightens many who look at it.

At its most basic, leisure ls that area of buman activity exami which consumes disposable time grow. and disposable money. Given that broad canvas, almost any product or activity can be pleced within it. A meal may be a necessity, but what of a meal with table cloth, a glass of wine and waiter service? Some. means of transport may be re-garded as a basic requirement in western society, but start adding a sunroof, in-car hi-fi or even a digital clock, is this not leisure expenditure?

This survey will confine itself to the more obvious forms of leisure — bolidaymaking, hotels, eating out and whet are treditionally known as "leisure activities." It should not be forgotten, however, that leisure expenditure in these terms is often in competition with domestic hardware, such as video and compact disc systems, with

house extensions and new cars. The essential element of the leisure business is that all spending in it is discretionary. In other words, a person who decides they really need a new

ENDS

theque, the cluema, a squash court or a smart restaurant for the evening may decide to stay starve nor freeze as a result.

Given a fairly wide definition It is estimated that in excess of £50bn is spent on leisure annually in Britain. By any measure this is a substantial amount and one which most examinations suggest is likely to

Indeed, the evidence of that growth is already widely apparent High streets continue to sprout new fast food and themed food outlets. The shelves of news stands grow more burdened with their weight of ever more magazines serving specialist leisure areas: Hotels change hands at spiral-ling prices. New time-share de-velopments, discotheques, theme-parks and sports centres sprout

Estimates of the numbers employed in leisure vary con-siderably, but the total directly owing their jobs to the pursuit of pleasure in the UK is likely to be around 1.6m. If one looks at leisure related industries—the farmers who grow the restaurant food, the factory that

which coet. That same person have hecome aware, and which faced with a decision of is likely, therefore to whether or not to go to a disco

in shop trading hours and re-laxations in the licensing rules would seem likely to provide a considerable fillip to some

aspects of leisure. The movement of tourism from the umbrella of the De partment of Trade to Employment may also augur moves to aid the industry directly and, via further encouragement of small business, indirectly, Promised planning permissions may also belp in some fields, notably botel development.

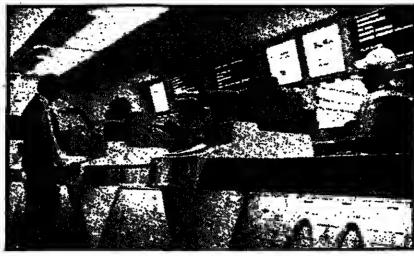
For all these encouraging signs so diffused is the leisure business and so many are its complexities, that often its participents have considerable problems in raising the necessary finance. What is true, of course, is that these participants, particularly those operating in a highly entrepreneurial field of small leisure enterprises, where failure seems as common as success, may not always looks the neetly dressed image of the ideal borrower.

that in England alone tourism related projects worth more at leasure related industries—related projects worth more the farmers who grow the than £590m are under construction at the moment, and that makes the hotel china—the figure may well double. It nearer £1bn. And yet, according to the British labour relies for its Anthority's director of interwork on other people's leisure.

It is a growth of which the Government seems suddenly to difficult than for other develop. difficult than for other develop-ment propositions."

Says Mr Kelly: "The City

The Leisure Industry





LEFT: McDonalds fast food restaurant. Franchising is one of the UK's most successful retail sectors. RIGHT: Gleneagles Clob gym at the Piccadilly Hotel,
London, Growth is forecast for the bealth and fitness market

and leisure groups, but insti-tutional finance for private companies is less forthcoming." The wariness of traditional sources of finance about the leisure industries has led to the development of two major features in the industry—the involvement of public funding

in some form, particularly with seed money and planning help, and the growth of investment intermediaries of various forms, from consultancies forms, from consultancies through to leisure conglomer-ates who act as a funnel for investment themselves. "The leisure industries are highly diverse, vulnerable to fast changing fashions and de-pendent for their success on

pendent for their success on local management and market-ing skills," says Mr James Williams, a partner of sur-veyors Drivers Jonas. "This does present problems in rais-ing private sector finance." It is not, however, a prob-lem which is being ignored. Using what is called "section four" (of the Development of

Tourism Act) money national tourist boards have been major stimulators of leisure de-velopments in recent years and targeted approach to the sub-ject developing at the moment, Local authorities are much

supporters publicly listed botel more aware of the returns from tourism investment and are in-creasing working with private investors to develop or revive tourist attractions.

It is still the case, however, that tha brightest of ideas can sometimes need a great deal of hard work before they come to fruition. The Jorvik Viking Centre which opened last year has leapt into the UK top ten fee paying attractions league, but there was no great rush to be the one source to put up the £2.6m thet was needed for what might now seem an inevitable commercial success. inevitable commercial success. York Archeological Trust raised the money, including the maximum £250,000 from the English Tourist Board, from a series of grants, privete donations and bank loans. Clearly, with perbaps more than 1.3m people already having seen the centre, the spin off for the traders, raite-

spin off for the traders, rate-payers and work-seekers of York has been considerable.

It would nevertheless be foolish to suggest that bere is a crock of gold which the investment world has been foolish to ignore in the past, and which is still brimming with rewards for the most casual of investor. Many fields of leisure have long since been and which is still brimming Health and informality are with rewards for the most major current themes: And casual of investor. Many fields there is a growing need for of leisure have long since been identified as growth markets tainment.

and in most of them the competition is fierce and the casualty rate high.

As the aptly named Leisure

Consultants Organisation re
Consultants Organisatio

its predictions for the next few years: "Our concern about the danger of over-investment in leisure facilities on the grounds of job creation stems partly from the fact that many leisure markets already face a period of consolidation and rationalisation. After a couple of years of good growth, consumer spending is expanding more slowly. Meanwhile, the greeter attention being paid to leisure is drawing more companies and Individual operators into the leisure business."

Leisure Consultants is quick to point out that the back-ground against which the leisure markets are developing is itself changing. There are cootinuing regional and social differences in affluence and attitudes: The number of teen-agers is declining sharply while the number of 25-44 year olds is rising: Leisure interests are fragmenting and fashioo is playing a much greater role:

customer is increasingly know-ledgeable. Overseas bolidays bave broadened aspirations and raised expected standards . . . there is a discernible trend towards leisure activities that in-vite participation and the acquisition of skills as well as providing entertainment.

"Above all, there is an insistent demand for evident value for money."

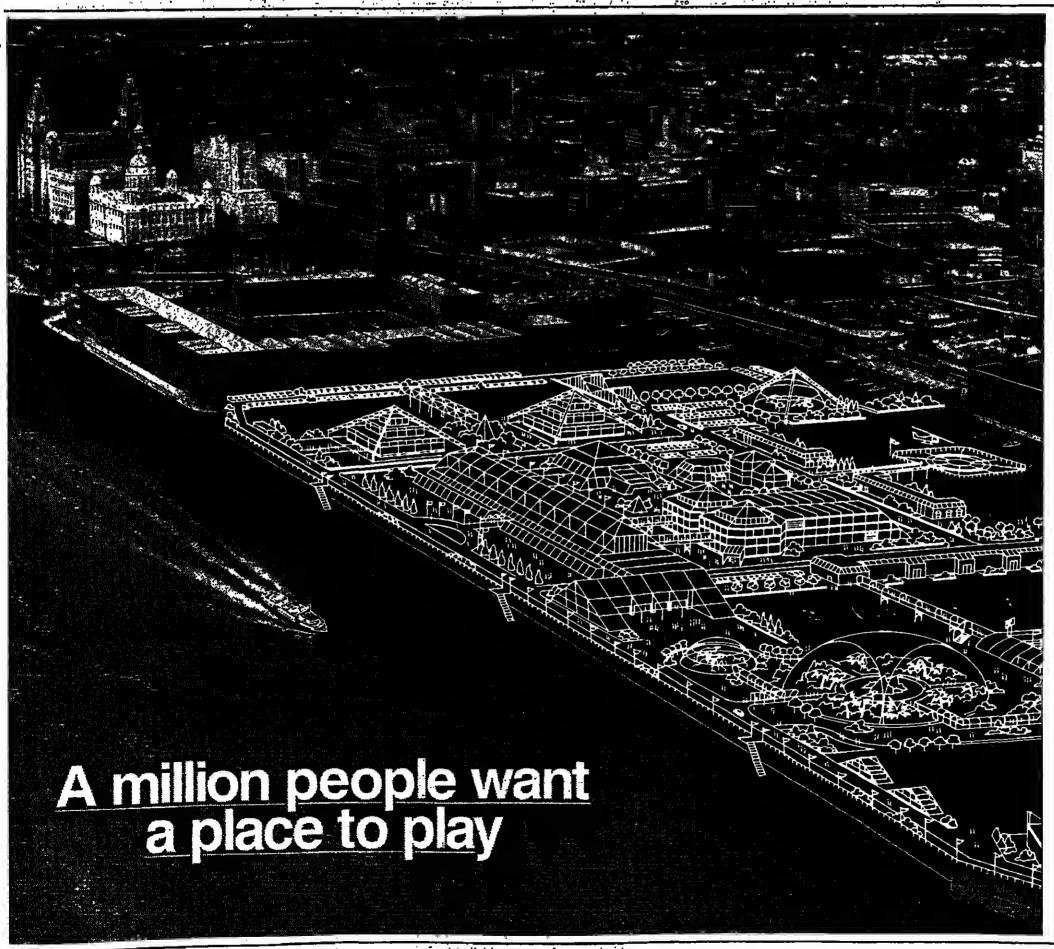
The impact of changes in the market environment cen be seen throughout our daily lives. There has been a relative decline in spectator sport while many participatory sports are enjoying a boom. From clothing shops to supermarkets shelves, and certainly in restaurants, the "health kick" ls showing itself in what people choose to wear and eet.

It is clear, thet since the lesure industry as such is a relatively young thing, the development phase is likely to see as much pain as it does pleasure. From dance studios to video shops, from take-away foods to wine bars there are as many stories of failure as success. The identifying feature of the failures, many commenta-

tors would say, bowever, is the lack of professionalism. In one of the biggest single areas of leisure, the package tour business, that professionalism is currently heing put to the test. The Thomson/ Intasun battle is a clessic for on eotrepreneurial business which is about to come of age. As these two fight for massively increas and market share, cutting prices and giving wide and potentially expensive promises to their customers, so the lesser corporate mortals are driven to

self-examination and perhaps to the wall. The rewards in this battle are likely to be considerable, but the field may be strewn with as much blood as money once

it is over.
Leisure generally Leisure generally might similarly be thought to be coming of age. Certainly the new breed of specialist which has sprung up to service the industry is keen so say so (some of these "new" boys are, like Lord Delfont of First Leisure, long established but quick enough on their feet to be at the forefront of current trends). "Good management backed by first class research and marketing is the key to success lo the leisure industry," says Aspect Leisure. "It is the essential measure of the good investment."



This year about a million people will have visited the Mersey Waterfront.

From far and near they have been coming to the historic Albert Dock village - the country's largest group of Grade One Listed Buildings - currently being restored in a multi-million pound project comprising shops, businesses, entertainments and the famous Merseyside Maritime Museum. By 1988 Albert Dock will also be home of the 'Tate in the North', bringing one of the country's finest collections of contemporary art to Liverpool.

Many thousands of people have visited the nearby Festival Gardens, over 70 acres of spectacular gardens and events, all on the site of last year's International Garden Festival, the country's largest tourist attraction of 1984.

Albert Dock Village and the Festival Gardens are just part of an imaginative and exciting riverside development. A development where a million people will have discovered 68 acres of newly restored waterspace, right in the heart of Liverpool.

Large areas of land are available. land ideal for housing projects, sports and leisure facilities, entertainment complexes plus many exciting marine based activities, These superb riverside sites, together with a million people visiting the Mersey Waterfront offer tremendous opportunities for development and investment.

Working closely with the private sector, Merseyside Development Corporation is creating a unique environment, bringing prosperity and people to this revitalised waterfront. A waterfront you should become

Find out how - 'phone Alex Anderson today.



Royal Liver Building, Pier Head, Liverpool L3 1, IH. Telephone 051-236 9090 (24 hour answering service)

Leap in the dark?

The £50 billion UK leisure market continues to grow

For the corporate investor or the entrepreneur seeking to diversify or expand, immediate prospects and long term growth potential are excellent. There are of course risks, but much of the

uncertainty can be eliminated by sound investment evaluation, planning and management. Aspect Leisure, through its day to day contacts in the industry, can first identify specific investments in fast growing market sectors through either acquisition,

development or merger. Then we can work with you in all aspects of project planning, development funding and manage-

ment - a day's advice or a complete turnkey service. We ourselves have financed, planned and operated successful leisure businesses. We can help to ensure that your path into leisure is not a leap in the dark.

Contact us to discuss your plans, or send for a copy of. The Leisure Market- opportunity for Growth".

ASPECT LEISURE

SOUASH/HEALTH

Aspect Leisure Limited 7 Cavendish Square London WIM 9HA Tel: 01 636 3404

•LEISURE PARK=

FOR SALE WELL ESTABLISHED GOOO CATCHMENT

CASINO

SNOOKER CLUBS FOR OISPOSAL

CLUBS FOR OISPOSAL

THE LIONEL MENDOZA PARTNERSHIP 7 Hove Manor Parade, Hove BN3 2DF

LEISURE INVESTMENTS PLC

Fast expanding public company seeks to acquire two types of site for operations in the leisure industry in the S.E. of England. Development sites of 5-15 acres . High Street sites of 10,000 sq. ft. or more

Our company would be interested in any general leisure ideas or companies.

Write to:

DAVID BUCHANAN P.O. BOX 435 LONDON SWIE 58Y

Good prospects for investment

Hoteis ARTHUR SANDLES

JUST ABOUT every botel is for sale if you want it—at a price," the man from consultency Horwath and Horwath had

the hint of a twinkle in his eye as ha made the statement for the catch is indeed the price. To build a new hotel in London at the momant would involve a cost fairly generally estimated at £150,000 a room at least. To buy one on a good site and in good condition would not cost very much less.

Even modest properties requiring considerable refurbishment are now on the market for £70,000 to £100,000 a room. But, only a decade ago, eye-hrows were raised when the Inter-continental was built for a reported £30,000-plus.

a reported £30,000-plus.

Almost every year for the past 20, commentators have been saying that the cost of acquisition and building throughout the UK, but particularly in London, is too high. Each year, with only the occasional hiccup, the queue of buyers has proved that the price ceiling has not been reached and that although room rates have been rising considerably faster than inflation there is still a demand for accommodation.

The queue for investment in London has several driving forces behind it. And the very top end of the market there is the perceived need on the part of the international hotel of the international hotel chains to have e presence in

In recent years, foreign operators from Marriott to Hyatt Novotel to Taj bave all nudged their way into the mar-ket place without a new hrick having been put in place.

At the same time, in many sectors of the business, a botel is seen as a very valuable asset, and one which it may well be worth taking a reduced return from while the basic value increases rapidly. creases rapidly. "London's unique position as one of the world's major centres

many hotel chains to feel that without a London presence they cannot be considered truely international, says another consultancy, Panell Kerr Forster, As long as the present planning constraints remain, little new stock can be added to London's hotels.

"Thus hotels change hands at a cost which sacrifices im-mediate returns on investment. Clearly the purchaser feels confident that ha will achieve a good return throughout appre-ciation in the value of the property."

There is every sign that in the past few months at least a great many botels here moved much closer to getting a reason, able return on their investments than in the past at current property values: This bas been achieved in three ways.

raised (prices rose by 20 per cent a year between 1976 and 1984 compared with an inflation rate of 11 per cent and may have increased by a further 7-12 per cent this year); achieved rates have increased much more sharply as botels have cut discounts to tour operators; and occupancy levels have increased.

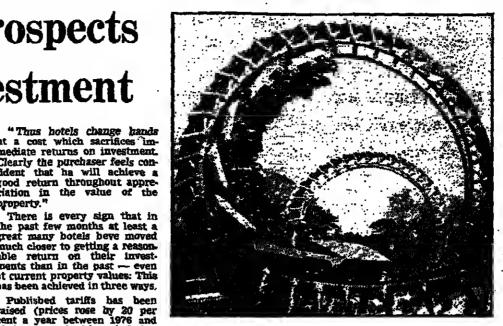
It must be said that these increases have not taken place without some adverse comment. Recently Caterer & Hotel-keeper did its own review of the industry and came to the conclusion: "In revenue terms, aggressive pricing undoubtedly was beneficial to UK hoteliers in the mid and late 1980s resulting in substantial gains in revenue.

"The high cost of accom-modation in the UK has now reached tha point, however, where any further increases in overall tariffs will lead to a net loss in revenua for the industry as e whole."

Whatever individual re-sponses to this might be there is little sign that "the industry as a whole" sbares that view. Activity on the hotel sale and purchase market is as active as ever and there is little sign as yet of a softening in rates.

Indeed commenting on the hotel sector in general (and Mount Charlotte in particular) recently hrokers Capel-Cure Myers had this to say: "We maintain that with the supply of hotels in London and to ascertain extent in the provinces limited (due to the non-availability of sites and the expense of green field developments), and demand strong, the future for the UK hotel industry remains bright.

"We believe that even if sterling were to strengthen to, say the \$1.60 level, the UK, would still be perceived as a cheep holiday destination by most North American visitors. Consequently we take the view that demand for bedspaces in 1986 will remain strong and margins will improve."



Towers. This thome park is thousands of pounds to build, the amount of investment reputation to be established immediately, a prerequisite of future popularity

an example of what can be achieved by careful planning. It also demonstrates, with rides costing hundreds of this money is required before the park is able to offer a wide range of activities from the start. This allows for its

The Corkscrew at Alton

Heavy outlays needed

Theme Parks **ARTHUR SANDLES**

WALT DISNEY really started something when he opened Disney land on a scrubby un-wanted piece of land some miles south of Los Angeles. He proved what some might say is the obvious—the people were prepared to pay fairly heavily to spend a day in a centre which offered a full range of high quality entertainment for the family. The theme park

was born. As many imitators have found over the years to their cost, with Britain's Britannia Park the most recent casualty, there is a great deal more to success in the business than a good idea and a reasonable catchment area.

The planning has to be The planning has to be meticulous and the customers be rewarded with more than they expected for their entrance fee. The essence of the game is huge up-front investment and the ability to adapt and adjust, and continue to invest, as tastes change and visitors look for new attractions on repeat visits.

There is no doubt that the

on repeat visits.

There is no doubt that the Britannia Park episode will have a considerable impact on the willingness of investors to become involved in such large scale projects. Once again, as Disney scours Spain for a site for his first European operation, it will be said that a country, like the UK, that has a less not the ideal setting for a singe that even the successful operations in the UK that a decade ago a plan by Mr Eric Morley to build

UK had something of a flying start. Thorpe Park a watery extravaganza to the south west of London, had it origins in the

Alton Towers not only serves to demonstrate what careful planning can achieve but also, with rides costing bundreds of thousands of pounds, what level of investment is required. Mr Broome has certainly proved that a theme park can work in the UK but the obstacle of the buge amounts of cash needed there is talk of £100m initially for the remarkable plan to transform the former Corby steel works into Wonderworld and twice that to bring it up to the proposed level of sophistication—are seen as a major obstacle.

" For a theme park to be successful," says Mr James Smith of Drivers Jonas, the surveyors. "It is essential that a wida range of facilities are opera-tional by the time of opening, to create the image and reputa-

to create the image and reputa-tion necessary for its future popularity.

"Thorpa Park in Surrey, con-taining a full range of leisur-facilities, many of which are water-based, involved the re-clamation of old gravel work-ing in which the current RMC. ings in which the owners, RMC, already had a financial commit-

"On the other hand, the proposed development of the Wonderworld complex at Corby

More than a decade ago a plan by Mr Eric Morley to build a Merrie Englande theme centre foundered partly on this problem. Disney itself had to shed much of its controls and return of London, had it origins in the left-over holes from quarrying. There was a gradual move from in order to encourage foreign participation, including British, in its Epect project.

lic entertainment.

Mr John Broome's Alton
Towers is centred around a stately home and grown successfully but relatively gently

in its Epcot project.

It originally believed that UK manufacturers would build mock palaces and rides simply for the publicity.

largely a densely populated country is a considerable plusfactor in planning any leisure development, and an essential one for theme parks. However, against that must be placed the fact that many of our cities are almost thema parks in them-

It may be that this year tha Roman baths and pump Room Roman baths and pump Room at Bath will see over 1m visitors, and those attractions, along with the other facilities of this splendid Georgian resort, make it a considerable rival attraction in Itself to any lately-constructed thame opar-

As is noted elsewhere in this survey, York's Jorvik centre, which attracts similar numbers to the Bath Pump Room, is another major attraction.

Urban redevelopments like Covent Garden, the Bristol his-toric harbour area, and Wigan Pier, all indicate that there is an enthusiasm within Britain for year-round day trip facilities but serve to endorse the need for substantial capital in-vestment before the doors are opened to the public.

Government action, Government action, over planning permission, licensing, trading hours and employment regulations, may ease the bur-dens on this type of develop-ment to some extent. Interest rates must, however, remain one of the largest single ob-

The English Tourist Board still shows some enthusiasm for "a limited number of major leisure or theme parks within easy reach of major popula-tion centres. But, it says, they will "require substantial fu-ancial investment and a highly professional approach to mar-keting and management if success is to be assured."

It seems, for the moment, that most investors are looking to rather more modest developments than the Disney style ex-travaganzas of North America. The poor summer and the prob-lems of Britannia Park cannot have helped the backers of Wonderworld.

and expand the level of their husiness. Franchising as a means of

expansion has come a long way since the early days of the 1960s and 1970s when "cow-boy" operators gave the business a bad name.

Now, however, it has become a useful means for companies of securing both investment eapital and motivation of key managers.

As Mr Tony Dutfield, director of the British Franchise Asso-ciation, comments: "There is no doubt in my mind that franchising operations will expand steadily, not least because the system is e route to self-employment for many thous-ands of people who would otherwise require considerably more capital with which to start

Rewards for bright ideas

Museums ANTONY THORNCROFT

MORE THAN 30 new museums open in the UK each year but few prove commercially profitable ventures. Most are the dreams of enthusiasts—for toys, agricultural machinery, old salling ships, coal mines—and will opt for charitable form trusts, and proand will opt for charitable status, form trusts, and provide a precarious living for their organisers, subject to irustees who will ensure that even if they draw in many visitors they will not provide great riches.

Others will be basically tax-loss operations — the motor fanatic who supports his love of racing cars by letting the public in to see his machines, with little experienced according his list. pectation of earning his liv-ing from such visitors.

In all, about half the 570 members of the Association of Independent Museums are

running commercial opera-tions: few are wealthy. Although there has been a steady rise in museum visits in recent years, with the Science Museum leading the field with more than 3m visifrom other leisure activities, such as amusement parks and stately homes, has forced this sector to fight hard for

There are almost as many museums closing as opening and in areas like railway history, where ever 100 history, where over 100 institutions compete, and the motor car, with more than 40 collections, there is limited scope for growth. The latest area to strike a popular chord is coal mining museums—three are already taking visitors and the National Coal Board's closure policy is likely to spawn more.

You can invest in museums. Madame Tussaud's, Wookey Hole, Warwick Castle, the "Empire and Royalty" display at Windsor are all owned by S. Pearson (which also has the FT as a subsidiary), and it reports steadily-rising attendances. sceaniy-rising intendances.
Commercial ventures such as
the Loudon Dungeon, which
appeals to the national taste
for horror, would also welcome inquiries from investors. But the real rewards come from bright new ideas.

One area with potential mementoes. The Theatre Museum subsidiary of the V & A is building a collection, and there is Beatles City in Liverpool, but the British contribution to this popular culture, and the widespread interest, make a national rock and roll museum an interesting pros-

There is also a growing appreciation of the countryside, and although many rural museums have appeared in recent years there is probably scope for more. The sea, too, continues to fascinate the British.

60.00 ·

. . .

20016118

should be considered only by a knowledgeable enthusiast who is prepared to devote all his (or her) time, and more, to making a hobby a commercial proposition.

There are currently many financial incentives — local authorities will often provide authorities will often provide cash, or equivalent aid; tourist boards are keen for new ventures to succeed; there are tax advantages. And, of course, often the collection itself is likely to appreciate in value—although there will be restrictions on selling it if you form a trust. So museums can ofter a good living enjoying your hobby. living enjoying your hobby, but they very rarely provide the opportunity for making a lot of money.

Own land in the great American West

America. More than two hundred years old and still waiting for many people to claim their share of it. For themselves and for the future of their families. Imagine one of the most beautiful landscapes in the world and what it could mean to have part of it for your own.

hat more perfect way to stake your claim than by purchasing five glorious acres in the Colorado Rockies for yourself and those you love. At 5angre de Cristo Ranches you can still own a sizable piece of America at a very modest cost and on easy credit terms. This is scenic land in one of the fastest-growing states in the USA, a piece of the unspoiled, romantic old Southwest

Sangre de Cristo Ranches is a subsidiary of Forbes Inc., publishers of the highly respected American business and financial publication, FORBES MAGAZINE. The land being offered for sale to you is a part of the huge 258,000-acre Forbes Trinchera Ranch, one of the oldest of the remaining big ranches in America. A sportsmen's paradise in all seasons for hunting, fishing, riding, hiking and boating. With fine skiing less than 50 miles away, the ranch ranks among the world's best-known preserves for deer, elk, game birds and other wildlife.

 You can own majestic mountain views of Trinchera Peak and Mount Blanca (higher than Pikes Peak| which stand as silent sentinels protecting the rolling footbills and

Obtain the Property Report required by Federal law and read it before signing anything. No Federal agency has judged the merits or value, it any, of this property. Found Credit and Housing Opportunity

valley that make up our 5 angre de Cristo

The land lies about 200 miles southwest of Denver, just east of US Route 160 . . . the Navajo Trail. Its town is historic Fort Garland, the last command of Kit Carson.

For as little as \$4,500 total cash price you can purchase your own 5-acre Sangre de Cristo Ranch, with payments as low as \$45

Important money-back and exchange privileges backed by FORBES MAGAZINE's distinguished reputation have contributed much to the great success of this unusual land offering.

Five or more acres of this land can be yours. Easy credit terms available. For complete details on this wonderful opportunity, without obligation, please fill in and mail coupon today.

RANGRE DE CRISTO RANCHES INC. 20. BOX 85 CONDON SW11 3UT	
SINGLAND	all all
Address	

FARRES FIIRADE

Fast money in food Mintel, the market research market. Using the franchised company, suggests that fast format provides milkmen with an excellent oppor- a natural incentive to maintain

Catering Franchises DAYID CHURCHILL

FRANCHISING IS one of Britain's most dynamic retail sectors, with sales through franchised outlets expected to exceed filbs for the first time next year and further growth anticipated for the rest of the

Although franchising is now used as a means of business expansion by many companies—selling anything from computers to cars—it is in the catering sector that franchising has been more apparatus.

hamburger chains have about a 12 per cent market share. The 'dest established fran-chised fast food chain is Wimpy International, owned by United Biscuits, which has both com-pany-owned and franchised out-

the company has developed into one of the most successful take-away food chains even take-away food chains even though many competitors have moved into similar high-street sites since the days when Wimpey was the only such

Rentucky Fried Chicken appears to have overcome some of its management and market ing problems of recent years to re-establish its position as the leading chain selling fried

Spud-U-Like bas been one of the most interesting new developments in recent years, offering instead of the hamburger or chicken, a baked potato with a variety of fillings. One of the advantages claimed for Spud-U-Like is that It has a lower start-up cost (about £50,000) than that for a typical hamburger franchised (starting at £200,000).

company, suggests that fast food offers "an excellent opporfood offers "an excellent oppor-tunity for companies estab, lished in other fields to diver-sify, and the market seems to thrive on competition." Mintel points out that four or five different types of fast food ontiet can operate in close proximity, creating a form of fast food centre and drawing more business to the area.

Yet franchised fast food outlets are not necessarily a

outlets are not necessarily a licence to print money, as a number of companies have discovered. The right site, a good flow of customers and good staff relations are crucial factors in the success of any operation of this type.
Wimpy has not been alone
in the past in having to buy
back franchised outlets in order
to protect the whole invest-

catering sector that franchising has been most apparent. Franchised fast food outlets have been especially popular.

The fast food market, for example, is worth more than £850m and is in fact dominated by fish and chip shops, which account for almost half of all sales. Chinese take-aways account for another fifth, while hamburger chains have about alternative to pre-packaged, mass-produced loaves. alternative to pre-packaged,
mass-produced loaves.
Although trading in a
specialist food sector—baking
—which has been in decline
for a number of years, the
Don Miller operation has
concentrated on the fresh-baked

area which has experienced significant growth. However, this exposes its operation to the large grocery multiples who are rapidly developing their own in-store bakeries. The Cookle Cosch Company supplies independent retailers with biscults, cakes, confectionery and juices which are delivered from franchised delivered from franchised reproduction Edwardian vans, Another cookle company is Cookle Kitchen, a franchise being developed by United Biscuits to add to its other franchised catering operations.

One new area of franchising in an established havings.

in an established business has been developed by Unigate Dairies, a subsidiary of Unigate. At least 200 of the company's more than 6,000 individual milk dalivery rounds are franchised as a means of introducing entreprenaurial flair into the



family heirfoom or investment may not after all be appreciating in value as you had hoped. The spiralling costs of instruments are putting them and the means of many musicians who need them to

That's why the City of Birmingham
Orchestral Endowment Fund is creating an
Instrument Bank for use by the C.B.S.O. players.
We're appealing for instruments on

as they should he If you would like to hear your instrumen played or help our individual players and the quality of our

CITY OF BIRMINGHAM ORCHESTRAL ENDOWMENT FUND 55 Broad Claks Road, Solinul, West Midlands B91 1HY.

المرزامية لأصل

The Leisure Industry 3



An area set for expansion

Spectator Sports ANTHONY THORNCROFT

useums.

WHILE ALL the thrust for the future — from the Government, the Sports Council, the media-is to turn us into a nation of sports participants rather than passive observers of other people's sporting prowess, the inevitable growth of sports activity in the next decade offers opportunities for investment in

spectator sports.
For, traditionally, games which hegan for participants have ended by ettracting crowds — tennis and golf being the most obvious examples — in recent years. The fastestgrowing sports, such as basket-ball and volleyball, are already played before small but enthu-siastic audiences. Participation of

the great majority of clubs are in thrall to their bank managers; everyone predicts that within a very few years the organisation of the professional

This month Charlton Athletic

to transform its image, and be-come a family game again. Cinbs such as Watford prove it

on prime inner-city sites, foot-ball clubs are probably the best investment in sport for some-one able to take advantage of the opportunities: the clubs tend to be dominated by the sherpest of the local self-made millionaires.
It is the lesser sports which

are currently taking advantage of football's difficulties. siastic audiences. Participation of football's difficulties. Sport and spectator sport cannot really be divorced. Speedway racing has gone out of its way to project a family image, and although at has yet to gain great media coverage closely at soccer. Attendances it is enjoying a modest revival.

organisation of the professional more professional with game must be revolutionised.

come a family game again. UK with the hope of develop-Cinbs such as Watford prove it ing a British Wimbledon can happen. But the centres, All in all, with their locations such as the David Lloyd/ Slazenger complex at Heston, are basically commercial ventures, attracting both players and spectators.

Another sport which is con-sciously presenting itself to spectators is squash. The arrival of the perspex court, enshing an audience to watch the action, has transformed the game and many of the sports centres springing up throughout the country now include a viewers court. Ice skating, too, growing on the success of Torville end Dean, seeks both active participants and spec-tators. The Sport and Leisure Development Corporation has opened an ice bowl at Gilling-ham in an enterprise zone, and thriving on the ice rinks boom. countries leave us at the There is still much potential—starting line,

bas announced that it is quitting its extensive ground in south-east Loodon to share the facilities of Crystal Palace.

Anyone interested in a gamble would be investigating bow to be a shareholder of a football club: in the shake-out there will be some very profitable property deals negotiated by clubs which own their grounds. There is also the chance that football will be abia to transform its image, and become a family game again.

Tennis players, so there is the in France. Paris bas 25 rinks: while there are just 27 in tha whole of the UK.

There is still a chance that for the 1992 Olympics. If it does it will give a boost to sports centres throughout the Midlands, But even if the bid is unsuccessful the nation seems certain to become more sports conscious. Much of it will indoor tennis centres in the beased on the armchair in UK with the hope of developbe based on the armchair in front of the selevision set.

But the thinking investor can wonder why snooker, for example, bas to bold its most important championship in a theatre in Sheffield rather than a purpose-built hall with spec-tator facilities, and why Wimbledon should scoop all the financial cream off tennis?

If we can produce better British sportsmen and women, as seems possible in the next few years, then people will want to see them in action. At the moment there is a great dearth of stadia. We will need multi-purpose complexes looking efter speciators in comfort and safety. The days of derelict football clubs is obviously over: the opportunity is there to bring, at last, decent facilities ham in an enterprise zone, and for watching sport to the UK. Mecca is another company It is an area where most other

A shake-out of the market

Health & Fitness DAYID CHURCHILL

HAS THE health and finess boom of the early 1980s levelled off? Certainly, there are many who would argue that the market has reached maturity this year, with books on health, aerobic videos, records, keep-fit clothing, track shoes, and health centres all facing problems as they compete with each

But a more realistic view of the market is that there has simply been e shake-out of those who wanted to "get rich quick."

Caroline Petel, in a new survery of health clubs in Britain published by the Suffolk-based company, Leisure Consultants, argues that "when the fitness boom started, many people jumped on the bandwagon thinking that they could make a lot of money very quickly."

The shake-out over the past 12 months, she says, "reflects the fact that some of those who set up health clubs bad no pre-vious business experience." A numer of health clubs closed after their first year because the people who set them up perceived the health club business as a glamourous one rather than as a practical proposition.

The key difference in the market since the turn of the decade, therefore, is thet the consumer has become more sophisticated about health and fitness. The desire to lead a more healthy and satisfying life is still there, but the experience of the "cowboy" operators has forced consumers to become more discriminating.

Consumers, as in so many markets, are looking for quality and not quantity from their exercise. New technology, moreover, will play an increasingly important role in the form of resistance fitness machines such as those marketed by Nautilus.

But the business of health and fitness is not limited to the mass-market appeal of health and dance clubs. Tradigiven a new lease of life in the of others

men and women concerned with personal fitness who wants to lose weight in more civilised surroundings than a health club.

Moreover, large companies are moving into the market, typified by Guinness the brewers decision late last year to acquire the Champneys Group of bealth farms. Guinness has identified health and finess as e growth industry through and beyond the 1980s and clearly intends to move further into this sector.

Other major companies in-volved in health farms include The Savoy, with Forest Mere in Hampshire, and fur trader GR (Holdings) with Grayshott Hall near Hindhead, Surrey.

Market research shows that women still outnumber men by two to one at health farms and

that they are younger (25 to 35) end more career-minded than e decade or so ago.

At a more active level, participation in sports has been growing for the past decade. League football, for example, has lost nearly 7m spectators during this time while in the same period the number of amateur football clubs has risen by more than 2,000, with nearly 300 of these womens' football clubs.

Mintel, the market research company, says that "sports participation in general has not realised its full polential, with about half the population at present not taking part in any ectivity." However, Mintel warns that this does not necessarily mean a boom in sports participation since much of the extra leisure time now available is used for leisure within the bome rather than active sports.

When active sport is undertaken, swimming is the most popular eccording to a Mintel survey, followed by the games of snooker and darts. Iodividual sports, or those played with one or two others, are more popular than team sports.

The health and fitness leisure markets, thereft.e, may not be the easy pickings for investors that existed only a few years ago. But there is little doubt that the market will continue to grow, though at a steadier pace than before, and with individual tional health farms have been sectors growing at the expense

NOW IN (SJULES) 220 SAYSEY SEE bont resort on the magnificent COSTA DEL SOL.

SPECIAL INTRODUCTORY PRICES! FROM **£2,500** Prices depend on size of property and the time of the year.

IT'S YOURS FOREVER! To use, rant, lend, re-sell, exchange or bequeath.

55 LUXURIOUS VELLA APARTMENTS 1, 2 and 3 bedrooms, skep 48
persons, Luxury kitchens, TV video, phone,
heating, patio sind/or balcony etc. VILLACANA RESORT AND CLUB
FACILITIES — 4 pools (one indoor),
tenns, squash, saunas, jacuzzi, restaurants,
bars, mini-market, launderette, childrens pool and play area, private grounds and gardens and an excellent security system. THE LOCALITY BOASTS — 12 golf courses, all water sports, horse riding, shops, bars, restaurants and night life. Beaches, the mediterranean and mountains. BARRATT TIMESHARING - the property investment that gives you luxury holdays every year (at todays prices) FOREVER! Our 10th successful year, 6,000 owners can't be wrong! EXCHANGE — with our own resorts and world-wide with RCI and Interval International — over 1,000 superb resorts. 4. Plas Talgarth Estate & Hotel LOANS AND MORTGAGES — from a major British clearing bank Barratt are boenced Credii Brokers FREE BARRATT PASSPORT — use all our isculties at all our resorts, all year round, EVERY YEAR, FOREVER!



B. E. S.

HOTEL -- LEISURE

INVESTMENT OPPORTUNITY

A unique opportunity to invest in a fast-expanding botel/ leisure company. Asset backed project, Excellent return with high capital gain. Revenues approval obtained. Seeks private investors with minimum £2,500, up to £40,000.

Write Box F5945, Financial Times 10 Cannon Street, London EC4P 4BY

To saist

Scope for the entrepreneur

Small RICHARD TOMPKINS

AT FIRST sight the leisure industry might be thought to offer little scope for individuals wanting to break out on their own. Who, after all, is in a position to raise the capital to set up a sports stadium, cineme complex or theme park?

The thousands of privatelyowned wine bars, resteurants and botels up and down the country, however, bear witness to the large number of entrepreneurs active in the sector.

Nor are tha opportunities limited to these commonplace examples. Many more peopla yearning to escape from e drudgery of a nine-to-five routine bave profited from spotting undiscovered ideas in the leisure industry and exploiting them.

Mr Colin Murison Small tells a typical tale. He used to be an executive officer in the Civil Service working st Post Office headquarters, but his heart was not in his job. He had the travel

bug When Mr Small decided he

HOTEL DEVELOPMENT

EDINBURGH

Principal requires operator to participate

in refurbishment project of this magnificent 18th Century country house

as a 64 bedroom top quality hotel, with

conference and leisure centres.

• £45 average rate attainable •

• £36,000 cost per bedroom •

Superb location

2 miles from Princes Street

Direct access off Al

KANTEL

031-228 2671

was going to become a tour encountered by Mr Small in create a demand and then find operator in 1958 he was not expanding his business are yourself unable to fulfil it. With the first entrepreneur in the common to other entrepreneurs mail order the marketing is entirely in your own bands and beat him to that by 117 years—but be did have an original idea. Previous idea. Previous experience of putting together bolidays for groups of friends led him to event the chalet party holiday.

skiing holiday. -then called Murison Small but now Small World-with a personal loan of £200 and a notice in the personal column of The

was also £50 out of pocket. "It might as well have been 5500,000," Mr Small says. "I couldn't afford to give np, so I promntly invented the villa

the Spanish Costa Brava. Today Small World has diversified somewhat and has grown to the point where it takes more than 4,000 people abroad each year. But it has

where a dozen or so indethrown together into one staffed chalet for a one or two-week

Mr Small set up the business Times advertising "chalet parties for intelligent young people." At the end of his first season he had taken 60 people to Grindelwald, Switzerland. He

party holiday, which is the same thing as a chalet boliday but botter." That summer he took 120 people to Blanes on

not all been smooth sailing, and many of the problems

setting up on their own fre-quently have excellent ideas but lack the financial expertise to put them into practice. Neryous local banks are reluctant to extend them credit and many an imaginative enterprise has been strangled at birth by a shortage of cash, financial incompetence, or a combination

Mr Small readily acknowledges that his business sailed close to the financial wind in its days. He eventually tackled the problem by going into partnership with e financier, Mr Ernest Hazebrook.

A corollary to financial inexperience is undercosting. Many entrepreneurs start off with unrealistic notions of their profitability because they are working from home with minimal overheads and no wage costs. The moment they expand into offices and take

on staff, they plunge into loss. there is marketing. believe that if you have the right product, the cus-

tomers will heat a path to your door," Mr Small says. "It's rubbish: marketing is the higgest problem of the lot." The success or failure of a leisure enterprise will often turn on the cost effectiveness of its cost-effectiveness of its advertising.

Mr. Paul Howcroft of Rohan, Designs, the leisure clothing company, is another escapee from the nine-to-five routins.

Mr Howcroft was an analytical chemist when he and his wife Sarah decided to set up their own business in 1975. They started looking for niches in the fast-growing leisure sec-tor, and the one they spotted was for high-tech, ultra-light-weight mountaineering cloth-

After a slow but successful start they decided in 1981 to extend the application of their clothing systems to wider use, and Rohan has since acquired something of a cult following among travellers of all kinds.

Customers are compelled to beat a path to Rohan's door because lie clothes are almost un-obtainable in the shops. Mr Howcraft says retailers laughed in bis face when be introduced them to the Rohan clothing concept, and now most sales are by mail order response to sovertisemeots in the Sunday colour

This does have one advantage, "One of the worst things you can do in this business is to

Mr Howcroft says that his wife's business acumen (she comes from a family of entrepreneurs) has saved Rohan from many of the problems associated with financial inex-perience. Nevertheless, the business in the past has had difficulties in obtaining capital and Mr Howcroft's opinion of local banks verges on the un

However, the company has now won financial backing from the Bank of Scotland end bas just moved from its Long Preston, Yorkshire, base to hig-ger premises in Milton Keynes.

Mr Howcroft says the key to success in the leisure industry is not seeing someone else making money and copying their idea, but to identify a need which is not being fulfilled.

"At the end of the day, the money's no great shakes. What it is all about is the enthusiasm to achieve something. In our case it's nothing less than to e it's nothing less than to change people's perception of clothing to prove that Rohan is much better than anything else you can buy."

A third example of the entre-preur in action is Stancombe Leisure Centre in Sherford,

Mr John Levy, his wife Judy and their partner Mr Richard Foyle were architectural con-sultants and builders in northwest London when they decided to opt out of the rat race, "We ere tired of designing horrible were fired or designing nutriare little concrete blocks for local authorities. We decided we wanted to re-create something historical," Mr Levy says,

After a long search they dis-covered the near-develler part-Elizabethan Stancombe Farm in 1981 and set about restoring it while converting the interior into a self-catering residential leisure centre with extensive sports facilities. In their case financial backing was forth-coming from the bank they had done business with for the previous. 25 years and they then vious 25 years, and they also won a £30,000 grant from the English Tourist Board.

The business is still in its infancy, but has bad a success ful first season and none of the partners regrets going into the venture. Like many another entrepreneur, Mr Levy never went into the leisure industry with the idea of making a lot of money or having an easy

Perhaps be best sums it up with his verdict: "I have never been so broke, so tired or so happy in my life."

man on a supplemental production of the control of

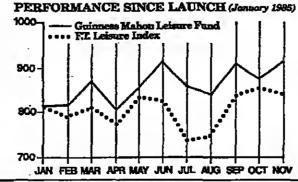
The Guinness Mahon Global Leisure Fund

The Guinness Mahon Global Leisure Fund seeks to obtain capital growth by selective investment in companies servicing the leisure industry. The areas covered include TV and video rental, toy manufacture, travel and holidays, brewing, hotel and restaurant groups, sports and cinema. Longterm it is assumed that the working week, worldwide, will shrink significantly freeing millions of man hours for the pursuit of leisure. There are, increasingly, opportunities for the skilled investor to benefit from companies who are active in providing

more and better holidays, fulfilling the enormous demand for entertainment. The Guinness Mahon Global Strategy Leisure Fund is invested worldwide in companies that have seized the opportunities. Minimum investment of £1,000. Initial charge is 21/2% and annual management

basis of the prospectus; for further information complete the coupon and send it to us today.





Guinness Mahon Fund Managers (Guernsey) Limited, P.O. Box 188, La Vieille Cour, St. Peter Port, Guernsey, Channel Islands. Or telephone (0481) 23506 extension 231 or telex 4191492 GUIMAC G

Please send me a prospectus (on the sole basis of which investment may be made and an application form.

Funds for right projects

Development of the industry

ARTHUR SANDLES

"TOURISM and leisure offer potential growth, and should increase their contribution to the economy and employment as a whole, providing a positive and co-operative attitude is edopted by all those concerned with the development of the industry. Success will be schleved if there is a willingness to develop and invest in the market opportunities of the

These brave words concluded an English Tourist Board statement of Intent published a couple of years ago as part of a bid to show thet tourism and leisure were serious husinesses, worthy of attention. To a large extent that battle has been won, to some degree almost over won. There seems little problem in convincing investors that leisure as a and the City—too big for one, whole is an interesting field, and too small for the other.

to snooker halls, have become something of a glamour stock. Companies with a high leisure profile, like Ladbroke and Rank, are similarly enthusiastically

For lesser mortals raising the wind for e leisure facility can be an uphill task. Traditional sources of finance appear to have difficulty in assessing leisure schemes, particularly those which are innovative and which have no names with established track records ettached to them,

from small hotels to museums, fun fairs to health centres, may also fall into that terribla gap that sits between the local bank

unere 15," as one consultant Step one for almost anyone put it "an abundance of money finance should be the nearest around," hut on the other hand those seeking funds often Board. These hoards are not only experience considerable diffi-

Timesharing is now firmly established as the fastest developing holiday concept throughout the world and through the international exchange programme you can enjoy a lifetime of holidays when and wherever you choose - so why not join our club.



OWN A HOLIDAY LODGE IN CORNWALL It makes good financial sense to purchase a lifetime of holidays

for you and your family - now, freeing yourself once and for all of those ever increasing holiday accommodation hills. Clowance Estate, in the heart of the Cornish Peninsula

has become the most sought after timeshare resort in the UK, But why Clowance? - the 95 acre 18th Century country Estate with each Lodge set in its own secluded clearing? - the unashamed luxury of the individual Lodges, most having whirlpool bath and sauna? - the natural unspoiled beauty of Cornwall, rugged cliffs almost sub-tropical climate? - the land of mystery with its tales of adventure and romance, smugglers and wreckers, the richness of its heritage - e land apart? We suspect a little of each - but you be the judge. Make an appointment to visit us - you will not be

disappointed - who knows your world could start at Clowance.

Ask the operator for FREEPHONE Clowance 9 am - 9 pm every day quoting FT10 - we look forward to hearing from you...



PEOPLE WITH AN INTEREST IN LEISURE SHOULD WORK WITH STB

If you've got plans to facilities in Scotland wonts to see them. Not so we can take time off and relax at your place, but so that our tourists can.
Every year, we pump hundreds of
thousands of pounds worth of financial
assistance into projects which we think will
improve tourism in this country.
This year, we're particularly interested in the promotion of golf, ski-ing, watersports, and in any related And if we think your scheme is workable, and that it needs assistance, we could well thip in with up to '4 of the total

It's a sporting proposition we're sure no one will wan

verite now to Scottish Tourist Board, Development Scotton Verision, 23 Ravelston Terroce, Edinburgh EH4 3EU.

And work with us at taking it easy.

culty in getting their hands on tourism investment but can also this cash.

At the top end of the market, grants. The poarus are able to give grants of between 20 and 30 per cent towards the cost of e tourism project, and this is normally provided in the form of stage payments. of course, one assumes that the searchers can look after themselves. Pure leisure companies, such as Lord Descont's First Leisure, which has been making a spectacular success up-dating a spectacular success up-dating such ageing assets as the nation's piers and showing its paces with innovation in opera-tions ranging from discothegnes

A great many tourist projects,

most enthusiastic collector of grants will be unable to get more than 50 per cent of the funding from public sources, no matter how many of them are tapped. Local authorities themselves have various other avenues of ettack including, as several UK resorts have recently proved, the EEC. But hack to the private

individual or company. For them a normal form of approach would be the local clearing bank. Most hanks have schemes for the entrepreneur and it is well worth shopping around if you have a good scheme. A hank may well have an "off the shelf scheme" for projects needing anything from £10,000 to £2m.

in the form of Section Four

grants. The boards are able to

To get the money the Boards normally conduct an extremely thorough investigation not only

of the viability of the project but also of the ability of the

promoters to carry it through. The passing of this stage, which

forces many a potential antre-preneur to sit down for the first

time and do realistic projections, is a useful discipline in itself.

The evailability of public funds does not end there. The Council for Small Industries in

Council for Small industries in Rural Areas (CoSIRA), the British Weterways Board, the Arts Council, the Civic Trust and tha Countryside Commis-sion are all potential sources of support and certainly advice

Normally, however, even the

in their respective fields.

Often these will involve fixed term, fixed interest, loans with some sort of repayment or interest holiday for the first couple of years. Usually some form of collatoral is required for such loans and sometimes directors' personal guarantees of repayment will be sought.

Some of the hanks operate venture capital and equity venture capital and equity involvement schemes. In these instances the promoter should expect to lose some of his equity stake in the husiness. In exchange for this, however, he will broaden his borrowing powers and almost certainly be offered, or indeed have pressed upon him, expertise at board-room level which can be of considerable help.

Some new. companies, often allied to banks, have sprung up recently with the object of putting money and entre-preneurs together.

preneurs together.

Aspect Leisure is one of the major operators in this field (it is the company which has been closely involved in the Langdale leisure and time-share operation in the Lake District). Langdale's role in life is to form a link hetween the men of ideas and the men of money—the word "men" is used in a univer word "men" is used in a unisex sense, of course,

It has recently been working with the Lazard's subsidiary, Development Capital Group, to set up the Lazard Leisure Fund, for example, which is looking for investments of £250,000 up-

Leisure Development is a company set np nearly two years ago with the English Tourist Board acting as a catalyst. It brought together five City institutions and a group of executives with extensive leighter investment experigroup of executives with extensive leisure investment experience. Leisure Development was set up with the specific objective of a "significant capital gain for its shareholders on ultimate disposal." It above all is a "hands on" institution which seeks to become closely involved with any project into which it needs funds.

All in all the sources of

All in all the sources of finance for leisure are considerable. Searchers after such finance must, bowever, be prepared for doubtful reception et first. Bank managers are all too these of hearing the fautasy. tired of hearing the fantasy schemes of tired executives simply seeking an exit from the rat race. Prove that you are not such and you might get a more cheerful welcome.



Continued growth is forecast

Timesharing

and the state of the

MOSS MURRAY

THE NUMBER of British timesharers is expected to increase from 30,000 to 40,000 during 1985, a growth of 33 per cent, according to a Mintel report in June. Some 4,000 of these new

owners will buy their time-share homes in the UK.

The report adds: "Timeshar-ing abroad is viewed with tha same potential legal and financial pitfalls associated with owning property overseas. The unpredictable travel cost is also a deterrent to long-term holiday commitment abroad, Growth in timeshare owners is predicted to continue steadily for the next two years et about 30 per cent

per year."
This is the background which helped convince Ronald Haylock, European head of the giant Resort Condominiums International, largest timeshare exchanga organisation, that there will be continued expan sion in the number of new time-share developments in Britain.

share developments in Britain.

They will meet the demands both of UK citteens who want their holiday home in the country they know best, and the increasing number of foreign timesbarers wishing to exchange their own time-owner homes for a country Britain. a stay in Britain. It says something for the pro-

fessionalism of the two giant exchange organisations, RCI exchange organisations, RCI and Interval International, which together have been largely responsible for the growth and acceptance of the timeshare concept, that despite economic recession and the industry's infancy, there have been comparatively few failures in the UK.

Where they have powered Where they have occurred

the reasons have usually been either lack of finance rather high costs of timeshare market-ing compared with almost any other commercial activity. Ian Swanson, a director of Aspect Leisure, says: "It is essential for every UK time-share project to be in a location

ful developments have offered not only luxurious accommoda-tion designed with style, but a comprehensive package of leisure facilities including swimming pools, saonas, jacuzzis, gyms, squash courts, health and beauty salons as well as golf, riding and restaurants."

The average cost of a week's The average cost of a week's timesharing per year for the next 80 years in England, or in perpetuity in Scotland, is about £5,000. If, says lan Swanson, the developer can get hie marketing, selling and construction mix right the rewards can be high. But if a single link in the chain is weak the results can

Ron Haylock of RCI insists that every newcomer and developer has to budget for one-third of his capital being used third of his capital being used for building, another third for marketing, including sales, advertising, promotions and publicity, and the final third to secure tha financing.

He says: "A timeshare project cannot be hudgeted on a cheeking Many provider radding.

shoestring Many peopla reading of the industry's phenomenal growth worldwide decide they want to get in on the act. We receive a steady stream of visitors, most of them would-be developers wanting to join RCI and receive the benefit of our advice and experience.

"Wa have to tell more than 70 per cept to go awey and for-get about becoming involved in

mesharing." Peopla lika Ron Haylock and Paula Woodgate, assistant vice-president in Europe of Interval International, says that a timeshare development, whether in the UK or elsewhere, needs e minimum of ten units, and preferably quite a few more, to stand any chance at becoming viable. Even with ten units it may have to notch up 500 sales before becoming a sell-out, le 50 weeks for each apartment, villa

or cottage. This is tha fact that sends marketing costs soaring.

panies lay down stringent rules before allowing any development to become affiliated.

Each of the exchange organisations checks that developers have a legal title to the land or huildings heing sold. Their lawyers give guidance in the preparation of all agreements between the developer and tho purchaser; they are careful to ensure that any mortgagee does

Need to keep abreast of quickly changing trends

Leisure Companies MARTIN DICKSON

TEN-PIN bowling has been enjoying a revival — some 20 years after it first swept Britain and then seemed to go the way of all ephemeral crazes.

Interest has been increasing Interest has been increasing for some years, and still seems to be growing: "We're well ahead of last year," says Lord Delfont, chairman of entertainment group First Leisure, which has extensively refurbished its five centres to pro-vide what Lord Delfont des-cribes as a "good family atmosphere."

An ability to keep closely in touch with the fickle whims of public taste ranks high on tha list of qualifications for building up e successful company in the leisure sector. And it is an ability which in the early days of a new venture can be founded as much on instinct as

expensive market research. However, the flair needed to spot market winners may well not be complemented by three other ingredients vital for success: strong management, tight financial controls and an ability to market oneself.

And the strains imposed by a mis-match hetween these characteristics often shows through when a reletively small company first tries to expand out of its initial market niche, so as to apread lts risks.

All this helps explain why, even though the leisure sector is generally perceived to be a strong growth sector, the City has sometimes adopted e some-what wary approach to investment in the field.

Another problem is the sheer diversity of the market, both in terms of size and mixture of husinesses, which can make a clear identity difficult to estab-

Taking leisure in the hroadest sense, the sector is dominated by a handful of very large groups, for the most part huilt up over the past two decades and often with interests stretching far beyond "pure leisure." They include Grand Metropolitan, the hotels, brewing and food group, Trusthouse Forte, the hotels and catering, and Thorn-EMI, with interests rang-ing from electronics to the manufacturing of pop records. Grand Metropolitan provides

a particularly interesting example of a company with its origins in leisure but increasthan inefficiency, or a failure to Result? The exchange comingly diversifying heyond the appreciate the astronomically panies lay down stringent rules sector—and outside the UK.

share project to be in a locetion that is a natural holiday area. In this country the demand for timesbare holiday homes is primarily from professional husinessmen and women.

"They are discriminating consumers and all the success

It now regards these operations as fairly mature and operations as fairly mature and peripheral to its main activities. This is a similar path to that followed by Trusthouse Forte, which sold its leisure interests in 1963 to the newly-formed and institutionally-backed First Laisure headed by Lord Del.

Leisure, headed by Lord Del-First Leisure, interests of which include the Blackpool Tower complex. Chichester Yacht Marina, piers and discotheques, went public in 1984 in an offer for sale that was hugely oversubscribed.

oversubscribed. Grand Metropolitan, however, says it wants to bold on to its Mecca bookmaking and casino interests, which comprise one of the leeding players in the UK gambling industry.

In the casinos husiness, the

In the casinos husiness, the other major operators include Pleasurama, which at the start of this year made a £119m agreed takeover of Trident Television, giving it four London Casinos to add to its 17-strong provincial chain. In bookmaking, the market leader is Ledbroke, with an estimated 20 per ceot of the business, but which has diversified to be a substantial force in the botels husioess and, perticularly in recent years, in property development.

development. Alongside these giants of the sector, in the hotel and gambling businesses, is a pot-pourri of smaller fry, which analysts generally classify under the heading "miscellaneous leisure"

—a category that also includes the holiday industry. Many of these companies lack the spread of interests which gives the leeders a degree of stability, but equally they provide some of the more interesting, and more offbeat, investment opportunities, particularly when they have been ebie to carva out strong market niches for themselves.

One of the more remarkable succass stories of the sector over the past 10 years has been tha rise of Intasun, the package holiday company headed by Mr Harry Goodman. It was founded theque above a small office above a is now London travel agent's in 1971, centres its first major breakthrough clubs came four years later when it discos.

collapse of Clarksons, the holidev group, and snapped up

spare capacity around the Mediterranean.

Today it is Britain's second largest holiday group, having overtaken Horizon, but is understanded in a ferocious hattle for supremacy with Thomson, the market leader. This will have major repercussions on the sector as e whole.

At the other end of the travely business, the example of little Saga. Holidays demonstrates how the carving out of a market niche can provide a measure of security.

Saga, which went public in 1978, specialises in the sale of off-peak holidays to the oversixties (after making a brief and disastrous move lute general package holidays with the purchase of Laker Holidays when Sir Freddie Laker's empire collapsed.) It has demographic trends on its side: the number of elderly people is rising and so is their spending power.

Saga bowever, is hardly

power.
Saga, bowever, is hardly
typical. Many small leisure
companies bave been founded
on the strength of a single good
idea only to disappear when
tastes change. Inevitably, then,
many ofthem try some measure
of diversification.
Take for example, Pineapple
Dance Studios, the dance centre
operator which becama
glamour stock when it was
floated on tha Unlisted Securities Market in 1982 on tha back
of the keep-fit hoom. Since

of the keep-fit hoom. Since then it has been hit by severe competition from other operators latching on to the danca craze. As a result of this, and the fact there is a ceiling on the amount of money to be made out of running dance centres, it ls branching out into gyms and into franchising its name and lego on a variety of merchan-dising, such as clothing and

hosiery.

Another example of this process is Juliana'a Holdings, which came to the market as contract operator of discotheques around the world, and is now diversifying into fitness centres, running its own night-clubs and into restaurant/

Humberts Leisure

av direction of Coventry City Football Club alc

West Midlands

Copentry 5 miles M6 (Junction 2) 7 miles Birmingham 20 miles A superb modern leisure complex with extensive sports, health and business facilities.

Restaurant, bar, caleterie, discotheque, 7 aquash courts, Sports Tall (1.370 m2). Gymnasium, Conference Sulice, Extensivo car parking. Offers are invited as a going concern. S.A.Y. Sole Agents: Humberts Landplan (Land Use & Leisure Industry Consultants). London. Tel: 01-629 6700

(01/38839/NTP/SJCT1

Gloucestershire

Cheltenham and Glaucester S miles Swindon 32 miles London 100 miles A period manor house in parkished setting with superb private

Manor. House, Health Spa with restaurant, Indoor heated pool, Jacuzzi, saura and treatment rooms. Planning consent for residential complex. Fina gardene and grounds. In all about 20 scree. Sole Agents: Humberts Landplan, London, Tel: 01-629 6700 (01/38823/NTP/CHO)

Scotland

100 Acres

A major leisure complex in a world famous location Historic Castle aultable for a range of uses. Marina with further expansion potential. Visitor enterprise, restaurant, bar and retail quelets a lodge tottages. 1 mils Lochaide frontage and Parklend. Leisure industry zoning. Extensive development potential. For sale Freehold as a going concern

joint Agents: Humberts Landplan, London, Tel: 01-629 6700 and Knight Frank & Rutley, Edinburgh Office, Tel: 031-225 7105 (01/38871/NTP/CHD)

Invest in haste, repent at leisure | *

The present healthy expansion of the leisure, tourism and hotel industries can still produce some unhealthy. surprises for the unwary investor.

As an acknowledged international authority, our expertise can prevent your dream turning into a nightmare. Our experience ranges from market and financial appraisals of leisure and sports centres to visitor attractions and regional tourism development,

We also offer marketing services, help with project finance, and can provide full supporting services such as information systems, organisation, recruitmentand, Pannell Kerr of course, audit, accounting and taxation.

Forster Associates MANAGEMENT CONSULTANTS

For further information, contact. Andrew Duncan now. New Garden Housa 78 Hatton Garden London EC1N BJA. Tel: 07-831 7393

REPRINTS

of Financial Times' Surveys

are available on request Please contact:

FINANCIAL TIMES

Have you invested in haste and repented at leisure?

Horwath & Horwath (UK) Ltd is the largest specialist consultancy to the Hotel, Tourism and Leisure industries in the United Kingdom.

Projects undertaken ranga from tourism planning and sector studies – for International Agencies, National and Regional Governments – to fessibility, valuation and systems studies and operational reviews for international hotel groups smaller organisations and individual clients. Over the years assignments have included projects in twenty-two countries in Europe, seven in Asia, fifteen in Africa and eleven in the Middle

The firm forms part of Stoy Hayward, a leading firm of Accountants and Business Advisers, and has a particular strength in advising on the planning and marketing of tourism ted projects for companies both large and small. As part of our professional services, we regularly produce

publications for clients, two of which we are now making more widely available. Copies and further information concerning our services may be obtained on completing and returning the



A member of Horwath & Horwath International

Part of the Stoy Hayward group





is a study of the UK hotel market, which contains comprehensive statistical, marketing and operational data on a regional basis. The 1965 edition of Worldwide Lodging Industry, comprising comperative statistics on hotel nerations and commentaries from gund the world, has recently been

SOURCES OF VERTURE CAPITAL MITTEE WINTED KINGDOM 1965 has been prepared to assist individuals who are looking for finance to set up new businesses or to expand costing ones.

Please complete and return te: Geoff Parunson, Director Horwith & Horwath (UK) Ltd., 8 Baker Street, London WIM 1DA Please scall me details of year services and publications.	
Name	
Position	
Company	
Address	
Telephone	

MATER WINGBOM LODGING

Please complete and retern to: Geoff Parkinson. Director Horwith & Horwath (UK) Ltd. 8 Baker Street, London WIM IDA Pleaser scall me details of year services and publications.	\] { ·
Name	j
Position	
Company	ļ
Address	ı
Telephone	

Optimism at the box office Cinemas

RAYMOND SNODDY

UNTIL quite recently the future for cinemas in tha UK looked extremely bleak. Tha exhibition industry seemed to be locked into a cycle of ter-minal decline. The historic decrease in attendances offered little financial incentive to invest and modernise, yet that decrepit state of many cinemas did little to entice people away from their television ests and

To make things worse many opment, and the company has cinemas were not just old and plans for a series of new down et heel, hut had heen left cinemas in joint deals with stranded in city centre areas by developers. the population shifts to the

Annual admissions, which were more than L2bn in 1953, bed hy last year fallen to 53m.
Yet quite suddenly cinemas in the UK have become something that sensible companies might consider investing in rather than something to close, knock down or turn into furni-ture warehouses.

For the first time in many

years the major ciname chains are showing signs thet they realise that substantial new investment is necessary to refurbish old cinemas and huilt new ones if the long-term slide in cinemas and held in cinemas and held in cinemas and held in cinemas and state in the long-term slide.

realise that substantial new investment is necessary to refurbish old cinemas and huilt new ones if the long-term slide in cinema audiences is to be arrested. And new groups are testing the market.

In Milton Keynes, for instance, a purpose built 10 screen cinema has heen built as part of a £7.5m leisure complex. The project is e joint venture between Bass Leisure, part of tha hrewery group, and Amarican Multi-Cinema the third largest cinema chain in the U.S. If the project is successful it coold provide tha model for similar devalopments elsewhere in the UK.

In July Thorn EMI announced it was going to spend £3,5m on an eight screen cinema complex in Salford, pear Manchester, the first completely new cinema Britain's can make a commercial go of it is received.

pletely new cinema Britain's can make a commercial go of it largest cinema chain operator although it will need a lot of has built for 40 years. attention.
Thorn EMI Screen Entertainment division had planned to of the Association of Indepen-

one possibility, morning trying to get popular morning trying to get popular Earlier this year the Rank films before the big circuits Organisation opened e new have milked them dry is an three-screen Odeon cineme in other matter entirely, he Bristol as part of a £4m devel-cautions.

Cinema investment in tha UK

cinema investment in the UK, also got e boost in September when Cannon Group bought the Star group of cinemas for £4.4m. This will give Cannon 94 cinemas with 220 screens—making it second largest chain in the country.

At the time Mr. Berry London

At the tima Mr Barry Jen-kins, Cannon's UK managing director said the purchase was a major step forward in a policy of davelopment and refurbish-ment of cinemas in Britain, "It underlines our continuing faith in the industry."

The increased interest in in-

announce a number of new dent Cinemas, however, warns multiplex cinemas before the anyone without experience of end of this year. Future invest—the cluema industry egainst ment plans, however, have been taking over an independent delayed by uncertainty over the cinama without eareful thought future of the division. Thorn

Out at the front of the house, future of the division. Thorn Out at the front of the house, EMI has indicated that it is he says the silver screen may considering selling the division look glamorous. The view in and a management buyout is the back office on e Monday

Nicola Banham 01-248 8000 ext 3213

CRENDON **Hi-Spec Structures Hi-Tech Industries** CRENDON STRUCTURES LIMITED Long Crendon, Aviesbury, Bucks, HP18 9B Tel: Long Crendon 108441 208481 Telex: 83249

ast e

Offshore storage terminal

TECHNIP GEOPRODUCTION, TECHNIP GEOPRODUCTION, Porls, in association with Italian affiliate Technipetrol, lo to design and build the world's first stationary offshore ethylene storage terminal. Proposed by Technip Geoproduction, rather than ona with floating supports, it was accepted by the client, Egyption Petrochemical Company, because of its reliability It was accepted by the client, Egyption Petrochemical Company, because of its reliability and easy operation. Located in the Bay of Dekheila, off Alexandria, tha terminal, which will include o platform and docking and mooring stations, will have a storage capacity of 7,000 cu metres of liquid ethylene in three tanks (10 metres in diameter and 30 metres in diameter and 30 metres long). Ships with capacities ranging up to 8,000 tons will be able to unload liquid ethylene there. A gasification unit will send the ethylene to an onshore PVC plant at El Amria via a 254 mm pipeline. For tha platform deck (2,000 tons empty and 5,000 tons in operation). Technip Geoproduction will be using an integrated deck installed by ballasting, which has the advantage of reducing offsbore construction operations to a struction operations to a minimum so that the project can be completed in 12 months. Tha platform will include accommodation for 15 people, two refrigeration units and

two retrigeration units and utilities. The same offshore terminal will also be used for unloading LPG to be piped onshore through a second pipeline. The turnkey contract is worth \$26m (£18m). HUNTING GATE DESIGN & BUILD has secured over £6m orders. These include: 60,000 ag ft of bigb tecb space for Allied Dunbar at Slough; a 35,000 sq ft design centre for Charles Hammond at Bettersea; o fitting out contract for Booto at Chelms-ford; and a 33,000 sq ft air-conditioned staff development centre for Manufacturers Life Insurance Group on the Meadway Technology Park, Stevenage. This building, which is two storey, will provide facilities for training, sudio visuol production and ceptral office services.

The contract for an office com-plex in Pydar Street, Truro, bas been awarded to WIMPEY CON-STRUCTION UK by the south *
west regional beadquarters of HIGGS AND HELE BUILDING the Department of the Environment (Property Services quarters of the Trustee Savings
Agency). Two-thirds of the Bank—England and Wales, ot
offices, to be known as Crown
Buildiogs, will be occupied by contract valued at about £1.8m
the Ministry of Agriculture and the company will fit out eight

year's timetable.

12.50
Murray Income Trust, 165 Hope Otrest, Glasgow, 11.00
BOARN METTINGS—
Finals:
Allied London Propt
Jackson Props

Weight TIVINEND A INTEREST PAYMENTS—
AGE Research 4P
Cadbury Schwebpes 1.00
Canadias Imperial Sank of Commerce

Candidas Imperias
Candidas Imperias
Candidas Pacific 12cts
Crown intril Products 2.45p
Don Fros Eniss 3.0
German 0.75s
City Fros O.75s
Land Investors 0.99
Land 0.99
L

romio-Dominion Banh 20cs
YOMORROW
YOMORROW
COMPANY MERTINGS—
prox Properties. 2431247 Pevillon Road.
Sloane Square. SW. 12.00
Yomotrong Gonomon. Queens Hotel. City
Square. Leeds. 12.00
YCE (Molding)... Howard Hotel. Temple
YCE (Molding)...

mattens (eds. 12.00 guars. 12.00 supposed (eds. 12.00 guars. 12.00 gives. W. 11.00 gives. W. 11.00 gives. W. 11.00 great Queen Street. W. 11.00 great Queen Stree

ish Bre control of the control of th

Book Parcel Fitts of Montroe Fitts Rate Nts industrial Saltino Fitts Rate Nts industrial Saltino Fitts Rate Nts

Dickie 1 Jamesi & 100 The Rate Nir Grupo Industria Saltillo Fins Rate In

Feed of Agri Inds
Feedox Agri Inds
Flight Defuelling
New Throgmorton
Neturn Secs TSE
Reed Intelligent

NRINT Secs 124
Reed Inbit
TR City of London YR
TRANSIAL COMMUNICATION
DIVITIEND AS INTEREST PAYMENTS—
DOWN CHARMENTS—
FIRST LOBORT 2.50
FIRST LOBORT 2.50
FIRST LOBORT 2.50
FIRST LOBORT 2.50

acherity 10°escEds 5.4375pe IN. J.I Vimte 2.75p Linds 1.250

Capital and Counties
Clarke (Clement)
El Oro Mno nod Expire
Exploration Co
Clannat Charles
Clannat Lawrenco

12.50 Holdings. 20 Fencharch Street, EC,

FINANCIAL DIARY FOR THE WEEK

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last transfeld.

y was a merel of

1 00 Acre

e at leiste

ME

CONSTRUCTION CONTRACTS INSURANCE

New £25m headquarters for Legal & General Assurance

The work entails the provision of a 26,000 on metre office block, followed by demolition of the present beadquarters, plus returbishment and extension of a training centre, and construction of sports buildings, a swimming pools, playing fields and extensions are stories above ground level, but be predominantly open plan of the predominantly open plan offices with computer suites, plant rooms and storage at the lower level. The staff dining facilities will also have an outlook across the valley.

Work starts at the end of this month, for completion in four years.

TAYLOR WOODROW MANAGE—
MENT CONTRACTING has been owarded a £25m contract by Legal and General Assurance ing one, will be low rise in Society to build a head office m Kingswood, Surrey.

The work entails the provision of a 26,000 or matra effect block.

The work entails the provision of a 26,000 or matra effect block.

The will be a lower ground level which will project at the southern end to form terraces overlooking a wooded valley.

The work entails the provision of a 26,000 or matra effect block.

The will be a lower ground level which will project at the southern end to form terraces overlooking a wooded valley.

The mew building, which will be a lower ground there will be a lower ground to form terraces overlooking a wooded valley.

The work entails the provision of a 26,000 or matra effect block.

£18m Washington Metro order

HARRISON WESTERN COR-PORATION, 3 wbolly-owned sub-sidiary of the Scottish-based Lillev Group, has been swarded

At bome, Lilley Construction Lilley Group, has been swarded an £18m contract for tunnel work of the Washington DC metro. Harrison Western is already working on another section of the metro scheme, the Anacostia tunnel, a contract valued et \$17m (£11.85m). The new project, involving tunnelling and con-

has won contracts worth over £2m. These include construc-tion of a breakwater and mooring berth for e new RNL1 lifeboat in the Shetlanda (£716,000); and e £963,000 contract in provide sewers, pumping stations and associated works at the Welsh Water Authority's Morfs Bychan

sewerage acheme in Porthmsdog. Robison and Devidson, a sub-sidiary, has contracts totalling £1.8m. These include construc-tion of an adult training centre ion of an adult training centre in Stranzaer for Dumfries and Galloway Regional Council; e 16-fist housing development, also in Stranzaer, a sheltered housing development in Wigtown; end a primary school and community education unit for Dumfries and Galloway Regional Council.

Sainsbury's Winchester supermarket

WILLETT has started work on new projects which together total f18m. The largest, at over a year to complete. Close by in Maidenhead, a further f42m-worth of work has been placed by Trafalgar Housa car park and is ocheduled for completion next autumn.

Through Lex Service, Willett has been awarded a f4m contract to build a head office for Volvo

Concessionaires in Marlow, 427m town centre developmant in Colwyn Bay, North Wales. To be carried out for NFC Properties, the project involves the construction of a single-storey shopping centre, with covered malls can car park and is ocheduled for completion next autumn.

Through Lex Service, Willett has been awarded a f4m contract to build a head office for Volvo

New offices for Heathrow

A contract worth £4.7m bas been awarded by Norwich Union Life Insurance Group to WIMPEY CONSTRUCTION UK for build-ing on the corner of Edinburgh Way and Station Approach, Harlow, a three-wing four-storey office block and attached singleoffice block and attached single-storey computer suite, with a combined floor area of about 7,890 sq metres. Work in scheduled for completion in March 1987. The block will rest on piles which carry suspended-slab flooring. The structure will be of reinforced coperete frame with trough floors and steel roof be of reinforced coperete frame with trough floors and steel roof trusses. Roofs will be partly pitched with concrete pantiles and partly flat with asphalt covering. External elevations are to be of faced brickwork. All services for the building are included together with roads and landscaping.

Sillo Mortgaga Finance OpcDe 1983-60
300
300
Wates City of London Properties 0.770
Wells Farso Iontil Fin Corp Gtd Fits Rate
Sub Ntn. 1986 3211-61
SUB Ntn. 1986 3211-61
COMMAND Albym Pizce, Aberdoen, 5.45
Harrey & Thompson, 2 Merrow Street,
Walworth, 58, 11.00
Watsham*, 29 Cheasem Pizce, SW, 12.00
SOARII MEETINGS—
Finable, H.1
Martonair Intmi
Simpson (5)
Smart (J.) Icontractors1
Interesting
Airiford Streamlines
October 100
Datasety
8 dingond
Elits non Goldstein

Lawrie
Leo Groth and Sunderland Newspapers
Divident 4 INTSREST PAYMENTS—
Armour Trust 10 2pcUnsts 1991-96
5-250c
Astoc Dairies 1.5p
Subcock 1nd & Elec Prods 74apcDb 198590 3-5230c
Subcock 1nd & Elec Prods 74apcDb 1981-96
8-2450c
Subcock 1nd 1981-96

Royal Priors shopping centre at Leamington Spa



CONSTRUCTION town centre. a £9,5m contract to build the

(MIDLAND) bas been awarded means that both levels of Roya Priors can be entered from exist Buildiogs, will be occupied by contract valued at about £1.8m a £9.5m contract to build the risberies, the remainder being floors of banking accommodation shared by other Government in less than 4½ months. As well departments. Valued at over as structural work to form the development by MEPC in partnership with Warwickshire kiosks, six craft workshops and vestments two would cover in the structure of these would cover in the contract to build the rising street levels without using street levels withou E2.36m, the building provides mechanical and electrical riser partnership with Warwickshire kiosks, six craft workshops and 4.605 sq metres of offices in seven ducts, basement plant rooms, a blocks, rising from single-storey vault, a computer area and a centre, with some 90,500 sq ft to four-storey, arranged around a central courtysrd. Completion level with a mezzanine level for is scheduled for November 1986. banking services are included.

> Kenzington Chetses (Roval Borough) 111.pc Red 1985-67 8.075pc Kerthaw (A.) 50rd 24p. 8 Pf (121pc Ron-Cumi 1.96873 Erobond Fund Ptg Red Pf 56.58 pc.Ln 1990-95 4pc LRC Intuit Beckn 1990-95 4pc Land Securities SpcissMisobb 1980-93 5cc Land Securities 74.pc1stMisobb 1991-96 35pc tham Clames OpcCamPf 4p tyds Eurfinzoce Gtd Fitg Rate Nts 1993

Latham (James) OpcCampy 4p
Loyds Eurinazoe God Fits Rote Nts 1993
\$23/6-28
Loyds Eurinazoe God Fits Rote Nts 1993
\$23/6-28
Loyds Eurinazoe God Fits Rote Nts 1993
\$23/6-28
London Scottish Marine OH 4.5p. Oil
Production 60.63/8-31
La 2000-05 3-toc
La 2000-05 3-toc
La 2000-05 3-toc
London Shop Property Trust \$.85pcConff;
1925-0. 12.5pc1ssMiDDD 2016-20
5.25pc. 11.625pc1stMiDDD 2016-20
5.5125pc. 11.625pc1stMiDDD 2016-20
5.5125pc. 11.625pc1stMiDDD 2016-20
5.5125pc. 11.625pc1stMiDDD 2016-20
Concluded Property Control 2016-20
London Trust London 1994-99 4 type.
Lower London 1994-99 4 type.
Lower London 1994-99 4 type.
Market Rough 1994-99 4 type.
Market Loudon 1994-99 4 type.
Market Loudon 1994-99 4 type.
Miller Rough 1994-99 4 type.
Market 1994-99 4 type.
Miller Rough 1994-99 4 type.
Market 1994-Nova Scotla (Province of) 164pcln 2011

8.375pc Octopes Publishing Grp 2.16p PHH 25 cts Perl 10pc/15, 75p /15, 75p Process Systems 0.25 cts. 4U5 Red 0.25 al Electronits 7pcls 2009/14 31-pc k Organisation 10'spcln 1997/2002 albertors 7pcDb 1960194 312PC 4 (Met Borongb of) 11'4pc 1985

Satiry City of Decimp? 59
Satiry Decimp? 59
Satiry Decimp? 59
Satiry Decimp? 59
Satiry Decimp? 59
Sincheood Medde Sectify 2.18
Sincheood Medde Sectify 2.18
Sincheood Medde Sectify 2.19
Sincheood Medde Sectify 2.19
Sincheood Medde Sectify 2.19
Sincheood Medde Sectify 2.19
Sold Sectify 2.19
Sold Sectify 2.19
Do Thorff 2.53759
CVD 2.3cs
Campbell Soup 31.28cb
Ca U-2900 Tyndali Oversen (1p) 1.25p Valor 1 u-74 (51) 1.25p Valor 4 u-74 (51) 1.575p, 6120CH 2.275p, 7prf 2,45p dkin 1p tsham's 2.1s bber Electro 1.15p ile 10ochf Sp. 10ochf 1.25p stroingte: Country Pps 8pcts 1989-84

Sille A Everiard Tune to 1987-92 38 pc 2001 in Sector (specific sector) 1988-89 3 pc 2002 4 54 pc 1988-91 31 pc 2002 4 54 pc 1988-91 31 pc 2002 4 54 pc 2002 4 pc 2002 5 p

Barrow Hepburn 1p
Bassett Fonds 71spCPrf 2.675p
Bellsouth 70cts 2.5cts
Berksey Fond 5 7ctp 1.75p, 51spcPrf
1.925p, 7ctPrf 2.45p
Breakmate 1p
Bristol Corp Do (36pc) 1.75pc
Bril Asropaze 5.8p
Brit Gas 3pcGct 1990-05 1.5pc
Brit Inv 7rst 51scPrf 1.8775p
Brit Kohair OpcPrf (1995) 2.1p
Brit Shoe 6 5ncPrf 2.275p
Britton Estate 2.3p
Brit Corp 6.5 cts
City of Abergees Land Asoc 12p
Citiony 56.5 cts
City of Abergees Land Asoc 12p
Cillony's Dairies 2.5p, A Non-viz 2.5n
Consoligated Plantalona Berhad 18 sep
Daniell and Sons Britteries 4.5pc2ed8Db
1596 2.4 pc

TODAY

Commons: Consideration of Lordo mescegos elating to the Insolvency sill Ead this Benkruptcy (Scotlond) Bill. Consideration of Lords amandments to the Law Reform [Miscellonoous Provisions) (Scotland) Bill. Motions on the European Communities (Jeffinition of Treaties) (North Adantic Salmon Consorvadon Organisatios) Order, and the European Consensanties (Immunities and Privileges of the North Adantic Salmon Consorvadon Organisation) Order.

Lords: European Communities (Finance) Bill. Second Reading and remaining stages. Motion to take note of the EC Consorvation of fature Sinancing for the Consorvation on feature Sinancing for the Consorvation of Salmon Consorvation on Salmon anieli and Sons Brewerles 4-pp2-acous 1596 2 L. of Mines Did (Res) 4-20640p. Did (8c) 15 cts Ginburgh Invest 751 7-ipp0-bb 1995 5-ipp Let Uis 12 Lipp1.n 1991 (Res) 6-ippc 12 Lipp Let Uis 12 Lipp1.n 1991 (Res) 6-ippc 12 Lipp Let Uis 12 Lipp1.n 1991 (Res) 6-ippc 12 Lipp Let Uis 12 Lipp1.n 1991 (Res) 6-ippc 12 Lipp Let Uis 1991 (Lipp1.n 1992 (Res) 2-72 Lipp1.n 1996 (Res) 2-72 Lipp1.n 1995 (Res) 2-72 Lipp1. Finiand (Rep of 14 bpcle 1986 (Reg) 7.25oc 7 34pc Insulco 25 cts Invest 7st of Guernaey (50p) 2.5p Jun 2.55p King Shasson SpcPf 1.75p

SSp Shauson SpcPf 1.750 u 1.25p nt SpcPf 1.050 (John) Properties 6 upcDb 1993-98 oin National Corps 40cts ion Merchant Securities 74pct,n 1.5p iongerry Port Harbour Comm 34pc ndonderny Port Harbour Comm 3/20/ AC Extra Yield Fand 3.059 Fig. and Sceners 10pcff 5.59 whall (Thomas) (Loxiey) Ord 2.50 1.30. while Hallex 10pcff 5.9 thomas (Bernard 3.759 when Fadds 3.759 when Fadds 3.759 when Fadds 3.759 rchants Trust 4.9206 2.92 thalloss (Bernard 3.759 rchants Trust 4.9206 2.92 thalloss (Bernard 3.759 rchants Trust 4.9206 2.92

Agricultural Trust ApcDb 2pc
letal Closuryes SecPf (511 2.1p
longress) (City of) 3pcDb 1.5pc
YNEX 160cs
ewman Industries 1pcPf (511 (Res.) 5a.
101accPf (511) (Res.) 5a.
101ac thern American Trast Super 1.750c swift, Corp Socied 1.5pc thingham Corp Socied 1.5pc 1.5p

TR Fachic - Sasia Invest. Trust 4 tacth 21, set 10 to the trust Cor. 15 cts 17 to the trust Cor. 15 cts 17 to the trust Cor. 15 cts 17 to the trust Cor. 17 to the trust Sacry 1.750 freetary, 6 tacts 1955-98 3.375 pc 17 to the trust 2.450 freetary, 6 to the trust 1955-98 3.375 pc 17 to the trust 1955-98
State 30
2ctices 30
2c

Questions of self regulation

British Insurers will be considering at their monthly meeting how they will operate within the proposed system of regulation and investor protection in the City of London.

On the agenda will be a proposal that life companies, ond probably unit trusts, bave their own self-regulatory organisation (SRO) within the envisaged framework. envisaged framework. The first intimation that such an organisation was being

considered cama just a week Bgo in the press. The official letter from the life insurance council of the ABI informing members of the proposal did not arrive until a day later. The Government's White Paper on investor protection envisaged aupervision through a series of SROs under the control of either one or two central boarda. It now appears likely that there will be one

trusts have been wondering how they fit into the proposed framework. The original tention was that SROs would be established on a functional basis. However, life companies and unit trusts bave two main functions: managing invest-ments and marketing invest-

authorisation to run schemes; aetting out and monitoring the rules for marketing.

He pointed out that at present no SRO could fulfil all

three functions.

Managements of life companies and unit trusts are concerned by the cost impli-cations of belonging to several SROs. In particular there is the financial liability of rescue operations if a member of an

SRO got into financial trouble, The solution would appear to be tha formation of a life offices SRO and discussions are taking place to see if unit trusts could also be part of

However, several delegates at today's meeting consider that life companies have been presented with a fail accompli-Sir Kenneth Berrill, chalr-

vestments, two would cover

Many life company executives being subordinated to protec-consider that the only alterna-tive to a life office SRO would and the salesman.

TODAY, life companies belong- be to come under Nasdim—and ing to the Association of for them that is no alternative. British Insurers will be Hence the feeling of a joil

The Unit Trust Association is talking to the Association of British Insurers and to Nasdim shout the future of unit trusts. However, many unit trust menagers oppear to prefer to join on enlarged life offices SRO, retber than Nasdim, even though Mr Mark St Giles, its

new choirman, is a former chairman of the UTA. Today'o meeting of life com-pany delegates will therefore discuss primarily the functions and responsibilities of a life of SRO. These functions are almost certain to relate to marketing and investments.

The authorisation of insura series of SROs under the long-term business and the control of either one or two central boarda. It now appears likely the there will be one overall board, with two divisions, covering investments and the marketing of investments.

Lifa companies and unit trusts have been wondering how they fit into the proposed companies. though there could into trusts have been wondering how they fit into the proposed companies, though there could into the proposed companies. ance companies to

companies, though there could be considerable discussion on the details, especially over con-trol of investment management. Some life companies deal solely in life business and unit trusts, so their investment activities could come within the ambit of a life offices SRO.

However, many life comments.

Mr Clive Fenn-Smith, chairmon of the Unit Trust Association, last week spelt out the three essential requirements for an SRO supervising unit trusts. These were:

Authorisation of business; could not control these functions.

It seems inevitable that investment management would come under another SRO. Life company investment managers are expressing a preference for the Investment Management Regulatory Organisation, already in embryonic form.

This SRO, put forward by the accepting bouses and merebant banks, would cover the whole-sale side of investment, with Nasdim covering the retall side, such as financial planning groups dealing direct with the public

Various pressure groups are being formed to put the case of their members. One solution being mooted is to meet tha hife company investment prob-lem by some form of federal link between Imro and a life

Sir Kenneth may envisage seven SROs, but pressure is being exerted for formal links between these SROs. man of the Securities and being exerted for formal links investment Board which is between these SROs, responsible for the overall Many organisations and institutions ideally would like their own SRO operating on an industry basis. The pext best alternative would be to link two or more SROs in a form approaching an industry SRO

marketing and the seventh, the The picture becomes more National : Association of complex and confusing with Security Dealers and Invest each development. But it ment Managers, would straddle appears that protection of the both sides.

Remedies and Jurisdiction. Witnesses: Comresses for Local Administration in Woles: representative body for Weles (Room 5, 4.30 pm). Foreign Affels—Subject: The situation in Southern Africa. Witness: Mr Oliver Tembo, President of African National Congress (Room 15, 4.30 pms).

Congress (Room 15, 4.30 grs).

WEDNESDAY

Commons: The House will meet of 2.30 prs for prorogation.
Lords: Considemtion of Commons amendments to the Housing Bill, Housing Associations Sill, Landlord and Tonent Bill, Housing (Consequential Provisions) Sill, Weights and Measures, Bill, Law Reform (Missesiloneous Provisions) (Scotisod) Sill, Motione to approve Orders covering the North Atonic Salrson Connervation Organisation, Nursing Homes and Nassing Agencies (Nonhern Ireland), and changos in the parlismentary consultations of the Common Common Common Select Committees: Foreign Affairs—Subject: UK-Seviet relations.

Services (Room 15, 10.30 sm), Scotish Adelrs—Subject: Processed cleases of the Oartcoah relling rail, Witness: Iron and Common Select Trades Confederation (Room 19, 10.30 sm). Traceary and Civil Service—Subject: Long-term trande in resportes and public expenditum.

Witnesses: Transport Department officials (Room 8, 11 srs).

UK TRADE FAIRS AND EXHIBITIONS

October 25-November 3 international Bike Sbow (01-385 1200) NEC Birmingham October 29-November 1
Home Interiors Exhibition — Acountants Exhibition (01-995 London (01-385 1200) Olympia 8063) Barbican Centre October 29-31
Cleaning ond Maintenance Exhibition — EUROPACLEAN (0923
777000)
Barblean Centre November 3-6
International Video and Communication Exhibition — IVAC (01-240 1871)
Alexandra Pavilion, London
November 5-7
Collular Communications International Test and Measure-

BUSINESSMAN'S DIARY

November 5-7
Cellular Communications Internationsi Conference and Exhibition (01-868 4466)
Wembley Conference Centre
November 5-7
Notional Exhibition end Con-

OVERSEAS TRADE FAIRS

October 29-31 October 29-31 International Videotex Con-ference and Exhibition—VIDEO-TEX (01-868 4486) Amsterdam October 29-31 International Clotbing Textilea Trade Fair—INTERSTOFF (01-734 0543) Frankfurt November 3-7 Petrochemicals, Chemical and Plastics industries Exhibition and Conference — PETCHEM-PLAST (01-486 3741) Al-Khehar November 5-8

International Fair of Hydraulics, Pneumatics, Industrial Robots and Automation — AUTOMAT ASIA (01-683 1158) Singapore November 12-15 Maritime Trade Fair — EURO-PORT (01-437 2175) Amsterdam PORT (01-43) 21(0), November 10-14 Arab Home Furnishing and Consumer Goods Show (01-486 Rahrain

November 12-17 Heating, Refrigerating and Air-Conditioning Exhibition —

ference to Develop Profitable Exports (01-727 1929)

November 10-14 International Furniture Show (021-780-4171) NEC, Birmingham November 24-30 International Building and Con-

November 27-29
Inlernational Test and Measurement Exhibition ITAME (0799 26699)
November 27-December 1
World Travel Market Exhibition (01-643 5040)
Olympia

INTERCLIMA (01-439 3964) Paris November 20-24 International Food and Beverage Festival — FOODFEST (01-236 2399) Hong Kong November 24-28
International Hotel, Restaurant and Institutiona Equipment Exhibition (021-705 6707)
Brnssela

November 26-28
Computer Aided Design and
Manfacturing Exhibition —
CADCAM (01-437 2175) November 27-29

November 27-29
Energy Concepts for the Industry Convention and Exhibition —
ENKON (01-930 7251)
Nuremberg November 27-29
Blotechnology Exhlbition BIOTECH (01-868 4466) November 28-December 1

Autumn/Winter Readv-to-West Feathon Fair — PORTEX (01-493 0212) Onorto

BOSINESS AND MANAGEMENT CONFERENCES

October 29-31 October 29-31
SUBTECH '85 'Designing for FT/Venture ference: \
Aberdeen Exhibition and Conference Centre C21 1355)

October 30
RIBA: Options in retirement housing (01-580 5533)
RIBA: Options in retirement housing (01-580 5533)
RIBA: Options in retirement inalitute of Directors: How to attract, motivate and retain key staff (01-839 1233) October 30-31

Inter-Continental Hotel, W1 November-4-5 International Conference for tha

protection of people, products and property (0727 63213) Royal Garden Hatel, W8 November 4-5

FT Conference: The SDL Eureka and Industry (01-621 1355) Skinner's Hall, EC4 November 5 The Institute for Fiscal Studies: Taxatiop of Savings (01-636

Park Court Hotel, W2 November 6 CAET: Accounting, auditing and tax (01-242 6855)

Post House, Reading

November 7 Oyez IBC: The advertising agency of the future (01-236 4080) Cafe Royal, WI

November 7-8 AECA: EEC/USA business development—the new opportuni-ties (01-240 7725) Amsterdam November 14-15

Grosvenor House, Wi

November 12-13 FT/Venture Economics Conference: Venture capital in 1985 the international outlook (0).

116 Pall Mall, SW1 fersional personal computer conference (01-621 1355)

November 14-15
Oyez lBC; The global equity market conference and exhibi-

tion (01-236 4080)

London Marriott Hotel, W1 November 18-19 FT Conference: Space: commerciel benefits for Industries world-wide (01-612 1355)

Hotel Inter-Conlinental, WI November 20 Marketing Society Annual Con-ference (01-836 6801) Grosvenor House, W1

November 21-22 Euromoney Conferences: Cor-porate Finance Conference (01-236 3288) Hotel Inter-Continental, WI

November 26
Oracia Business Information:
General insurance companies—a
practical approach to VAT planning (01-727 3503)
Gloucesler Hotel, SW7

November 26 Oyez IBC: UK onshore and off-shore oil and gas—rearrangement of licenca interests (01-236, 4080)

Euromooey Conference: Euronotes distribution structures,
placement and trading (01-636
2998) Conference: Euro10076 62262)

Grosvenor House, W1

Financial Times Conferences

VENTURE CAPITAL IN 1985— The International Outlook

Geneva, Switzerland — November 12 and 13, 1985
The Financial Times will hold a major two-day conference
on vanuare capital which will be co-sponsored by Venture
Economies Lid. This meeting follows the highly successful
FT Venture Copital conference held in Edinhurgh in 1983.
A distinguished panel of Americen and European venture
capitalists, entrepreneurs and industriollsts will examine the
outlook for the venture capital industry on both oides of the
Atlantic. The conference will focus on corporate venturing
and its relevance to European industrial strategy. Venture
capital finance, corporete development, technology transfer
and the role of the universities will also be discussed.
Mr Stanley Pratt, the chairmon of Venture Economics, and
Mr Richard Onians, chief executive of Baring Brothers
Hembrecht & Quist, will take the chair and a joint presentation on the relationship between the large and small
company will be given by Mr Elserino Piol, executive vicepresident, Strategy and Development, Ing. C. Olivetti & C.,
S.p.A., and Mr Ted Smith, president and chief executive officer,
FileNet Corporation.

SPACE: COMMERCIAL BENEFITS FOR INDUSTRIES WORLDWIDE

London --- November 18 and 19, 1985

London — November 18 and 19, 1985

The ebanging elimate for space activities and the commercial benefits for industries worldwide will be the subject of the Financial Times Space Conference to he held in London in November. This two-day meeting will be chaired by Dr Geoffrey Pardoe, managing director of General Technology Systems Ltd., and Mr Roy Gibson, former director of the European Spoce Agency. Speakers will include: Mr Philip E. Culbertson, associate administrator for the Office of Spoce Station, NASA; Dr George van Reeth, director of administratop, European Spoce Agency. Dr Maxime Faget, president, Space Industries Inc; and Mr Richard Colino, director-general, Intelsat.

THE STRATEGIC DEFENCE INITIATIVE AND EUREKA London --- November 4 and 5, 1985

A forum on the Strategic Defence Initiative to be sponsored by the Financial Times on November 4 and 5 has attracted senior executives from 14 countries. The proceedings will be chaired by Lord Chalfont and include papers by Dr George Keyworth of the White Hhouse and Dr Gerold Yonas of the SDIO. Mr Michael Clarke, CBE, of the Plessey Company and Dr Allan Puckett of the Hughes Aircraft Company ore among the leading defence industrialists who will be making major coptributions. A German viewpoint is to be given by Dr H. Hofmenn of Dornier System GmbH.

All enquiries should be addressed to:

The Financial Times Conference Organisation Minster House, Arthur Street

Tel: 01-621 1355 (24-hour answering service) Telex: 27347 FTCONF G

London EC4R 9AX

Cables: FINCONF LONDON

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

This week in Parliament

The Energy Management Survey will now be titled

The Energy Efficiency Survey 24 January 1985

For further details contact:

WILLIAM CLUTTERBUCK

... _01-248 8000 ext 4148

Telex 885033

John Kab

F (F) (110 in 180)

Financial Times Monday Oc		PERTY—Continued INVESTMENT T	DUCTE CO-4 FINANCE	ICE. LAND—Cont. MI	29 NES—Continusd
Public Stack	Directions	Last Bev VTid West Cry Ser's PE	Comparison Com	Price rat Ber Yrat	
See Most Robit 10p. 12b 16 130 25 3.4 13.9 Most Most Robit 10p. 25 3.4 13.9 Most Most Robit 10p. 25 3.4 13.9 Most Seen Rash Rash Rash Rash Rash Rash Rash Rash	July		288 15.7 : 11.2 1.2 1 60 405 16.7 : 14.9 11. 42 155 12.8 : 600% 1.1 : 15 82 17.6 : 1.7 1.0 : 3.0 18 : 18.9 : 1.7 1.0 : 3.0 18 : 18.9 : 1.7 1.0 : 3.0 18 : 18.9 : 1.7 1.0 : 3.0 26 : 16.9 : 1.7 1.0 : 4.0 390 15.7 : 15.8 1.0 : 4.0 390 15.7 : 15.8 1.0 : 4.0 10 :	12 13 14 13 15 14 15 15 15 15 15 15	200
P-M P-M	March TVS	222 11.3	284 (209 95.00 L0 25 Feb. Asol Do.Block 1.5 44 13.5 5.25 1.0 12.1 Ian. Iah/Carless Carel 44 13.5 15.11 1.0 15.6 Ian. Iah/Carless Carel 44 13.5 15.11 1.0 15.6 Ian. Iah/Carless Carel 46 20.5 602.4c 1.0 Mar Ian. 47 20.5 602.4c 1.0 Mar Ian. 48 20.5 1.0 1.5 Ian. 48 20.5 1.0 1.5 Ian. 49 20.7 1.0 1.0 1.5 Ian. 40 20.7 1.0 1.0 1.5 Ian. 40 20.7 1.0 1.0 1.5 Ian. 41 20.7 21.5 1.0 24 Ian. 42 20.7 21.5 1.0 24 Ian. 44 13.5 13.5 Ian. 45 13.5 13.5 Ian. 46 13.5 13.5 Ian. 47 13.5 13.5 Ian. 48 13.5 13.5 Ian. 48 13.5 13.5 Ian. 49 13.5 13.5 Ian. 40 13.5 13.5 Ian. 40	20.46 C980-17 3097-162 6115 Mar Oct Cold Fwth 1 100 115 17.6 2.75 2.6 34812 May	121.6. 122.1074
Apr Mon/Prestanch 122 25.3 1 65 7.0 0.824.4	Commercial Validation Section Components Line Li	19.1 19.5 19.6 19.6	281 17 6 99 1.0 49 800 MayEEF UR 124 225 12, 1.6 0.9 0.9 Energy Casta 225 1.7 4.8 1.8 2.6 Energy Casta 225 2.9 4.2 1.1 2.6 11Exery Source 226 17.6 4.2 1.0 3.9 11Exery Source 226 17.6 4.2 1.0 3.9 126 1.2 2.6 11Exery Source 226 17.6 4.5 1.0 5.4 127 128 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0	25	oes 188
Rook 10p 14 6780	Carages and Distributors Sept. Aprillation & Gathers 287 12.8 46.87 3.7 3.4 12.2 Angles A	90	184 1	95-200 2311 30.9 (98%-40.0 67.2 Hybrid Auxi Hybrid Carxi Hybrid Carx	M. 20c. 29
May Oct;Sharna Ware Z0p	Dec. Assignment Dec. D	SOUTH See Se	132 77.6 14.5 0.9 4.9 11 11 11 12 12 12 12 1	ASOL 2 39	Sc
Sept Star Comp. 10p 33 1.79 12.5 0.5 10.8	DC	156 1	79 17.6 0.35 \$ 0.06	289	14
Typhock 10p	Detaber Control Higs	199 13.7 16.47 2.4 4.1 2.21 19. Warrants	284	759 20 710.0 3.2 7.3 (4.8) Jugo Donn Margo Utd D. Vicencental Victory Res J. Vicence tal Victory Res J. Vicence Margo Utd D. Vicencental Victory Res J. Vicence Margo Utd D. Vicencental Vicence J. Vicenc	Mir/s 162 - - - - - - - - -
WSL 50	June LCA HI09; 20g	98 3.6 4.8 4.1 7.0 3.8 Jan Joyyill is natural metators. 36 3.5 14.5 2.4 5.8 9.0 Jan Joyyill is natural metators. 26 30.9 (1.45 1.8 3.8 9.1 9.1 May Joyyill is natural metators. 360 2.9 4.9 5.0 4.6 6.0 Dec. Joyyill is natural metators. 360 2.9 2.0 3.0 1.45 1.8 3.8 9.1 Jan Joyyill is natural metators. 360 2.9 3.0 1.45 1.8 3.8 9.1 Jan Joyyill is natural metators. 360 2.9 3.0 1.45 2.4 5.9 9.0 Jan Joyyill is natural metators. 360 2.9 3.0 1.45 2.4 5.9 9.0 Jan Joyyill is natural metators. 360 2.9 3.5 9.0 Jan Joyyill is natural metators. 361 2.9 3.0 1.45 2.4 5.9 9.0 Jan Joyyill is natural metators. 362 3.5 3.6 3.5 2.4 5.9 9.0 Jan Joyyill is natural metators. 363 3.5 1.45 2.4 5.9 9.0 Jan Joyyill is natural metators. 364 2.9 3.5 3.0 4.9 3.0 Jan Joyyill is natural metators. 365 3.5 1.45 2.4 5.9 9.0 Jan Joyyill is natural metators. 367 3.5 2.5 3.0 Jan Joyyill is natural metators. 367 3.5 2.5 3.0 Jan Joyyill is natural natural metators. 368 3.5 3.5 3.6 3.0 Jan Joyyill is natural na	221 17.6	100	d, prices and net dividends are in pence and amount priceformings raises and covers are based amount priceformings raises and covers are based accounts and, where possible, are undusted on half-located on "lever" distribution basis, examings her print after taucation and userviceved ACT where res indicate 10 per cent or more difference of ion. Covers are based on "statement" distributions freed costs to prylis state taucation, excluding at including estimated extent of offsettable ACT, prices, are grows, and grows advised to ACT of 30 per cent larved distribution and region. If thus have been adjusted to allow law rights issues and or resourced, passed or derivered.
Northeaston (A.D 100 27 9782 02.4 2.6 4.7 11.5 122 30.9 92.7 2.4 3.2 14.9	March First Prinston 100 120 18.9 3.81 4 5.2 4 5.2 4 5.2 4 5.2 4 5.2 4 5.2 4 5.2 4 5.2 5	S. FINANCE, LANO State S	155-3.6 2.75 1.0 2.5 No. RayNeightands 165: 39 — — — — — — — — — — — — — — — — — —	12 14 15 16 16 17 16 17 16 17 16 17 16 17 16 17 17	is more securious. 33(3). reason. reason. reason y positing scrip analor rights instact: cover relates to orecast. Installation or progress. of final analor reduced commings indicated. In on earnings sublicted by basest inter-ini statement. resison of shares out now raisions for dividends or excel divineges. For shares which may also raist for dividends M a aristo usually provided. French Francs. (4) Yield based on assimultion unchanged and waterity of stock. a 7 as free. So other offer extraories a Certis in Dividend raise Capital, tower based on dividend on the Capital, pieto. B Assumed by Same. P Symbol Income gotted sources. It Kenyu.
Jun Jun	Apr. Oct. Doc. 129c Con. 2002 2522 30.9 012% 11.7 2.5	11	1 30.7 12.3 4.2 2.7 10.9 May Feb. Randfort's Ext Santre & Jack Aug. Feb. Randfort's Ext Santre & Jack Aug. Feb. Randfort's Ext	100 25 9100 26 26 100 26 26 26 26 26 26 26	no total, a Registe scare penature, a Carmony based Develorer and yield exclude a success anyment, relates to previous divintend, PTF, ratio based on precises to previous divintend, PTF, ratio based on precises to previous divintend, PTF, ratio based on precises precise to law, as Divintend cover on excess of 100 turnes, on merger terrors, a Divintend and yield naticale a not analyte to special paryment. A first divintend and and passed or deferred, E Canadian, E Ministend and passed on prospectus or other official and passed on prospectus or other official extension and yield based on prospectus or official estimates for based on prospectus or other official estimates for passed based on prospectus or other official estimates for passed based on prospectus or other official estimates for prospectus or prospectus or other official estimates for prospectus or other official estimates for prospectus or prospectus or other official estimates for prospectus or prospectus or other official estimates for prospec
June Dec Sun Life 59	NewCassers Prop. Grp. 185 50.9 6.01 25 4.65 10.0	1 200 Jan Jatylienderson Adm Gp 41	5 DC9 35 43 48 69 Feb. Applicated Ri	## West Ramd 138 1.7 0180c 1.3 14.8	Arrotic 212 1 68 68 68 68 68 68 68 68 68 68 68 68 68

:

INTERNATIONAL APPOINTMENTS

Chairman replaced following losses

Mr H. Asthony Hampson, president and chief executive officer of Canada Development Corp, has been named chairman of SAVIN CORPORATION, of Stamford, Gonnecticut, succeeding Mr E. Paul Charlap, who has resigned as chairman, chief executive and a director. Ganada

heen named president with responsibility for copier sales and distribution. Mr Mahler was president of Rynder System Inc's distribution systems divi-

ford, Gonnecticut, succeeding Mr
E. Paul Charlap, who has resigned as chairman, chief executive and a director. Ganada
Development owns 66.8 per cent
of Savin. Mr Charlag is to
become president of a new subsidiary which will exploit Savin's
electrolink technology. President
and chief operating officer, Mr
Serge Gonin, has been named
vice-chairman and chief executive and Mr Mel A. Mahler has

Executive changes at Reynolds Industries

R. J. REYNOLDS INDUSTRIES, INC., Winston Salem, has made executive changes. Two senior vice-presidants, Mr Gerard R. Gunzenhauser and Mr Arnold B. Sidman, and a vice-president, Dr John A. Maselli, were elected. Mr Gunzenbauser becomes senior vice-president, finance, and controller of Reynolds Industries. He has been senior vice president and chief financial officer of RJR's Del Monte subsidiary. Mr Sidman becomes senior vice president, tax. He bad been vice president, tax.

Mr John A. Hagan, who bas been vice president and con-troller of Reynolds Industries, troller of Reynolds Industries, will become vice president and controller of RJR's Nabisco. Brands subsidiliary. At Nabisco, he succeeds Mr Andrew J. Hines, who bas been named Nabisco's new vice president, financial services. Mr Maselli is joining Reynolds Industries as vice president, research and development. He has been vice president and general manager of Nabisco's Blotechnology Ventures group. tures group.

Management by walking

TRYGG-HANSA, a Swedish insurance company, has appointed
Mr Bjoern Spraengare as its
next president. He will succeed
Mr Curt-Steffan Glesecke, who
will retire in June. Mr Spraengare is president of Mo Och
Domsjoe AD (Modo), a forestry
concern.

Commenting on his appointment, Mr Spreengare said that
"what will happen now is that
the people running the business

Changes at Flying Tigers

The FLYING TIGERS LINE, Los Angeles, has elected Mr Robert P. Jensen as chairman and chief executive officer. Mr Jensen. president and chief executive officer of Tiger International Inc. the parent company of Fly-ing Tigers, succeeds Mr Wayne M. Hoffman who will continue to serve as chairman of Tiger International: Mr Lewis H. Jordan becomes president and chief Air Treads Inc.

operating officer of Flying Tigers.
Mr Jordan joined Flying Tigers
as executive vice-president in
February 1984. He had previously served as vice-president
— maintenance and engineering
for Flying Tigers from 1979 to 1960 and as senior vice-president—operations from 1980-82. From 1982 until early 1984, Mr Jordan was executive vice-president and chief operating officer of Air Treads Inc.

Arctic expert recruited by Finnish shipbuilders

BY OLLI Y. YERTANEN IN HELSINKI

shipbuilding appointed Professor Pauli Jump-panen of the Technical Research Centre of Finland as a director responsible for research and development of Wartsila's arctic and offshore technology. He will report to the group president, Mr Tor Stolpe.

WARTSILA, Finland's leading Professor Jumppanen is Fincompany, has land's leading expert in arctic technology. He will now also leeve his position as chairman of the Finnish-Soviet Arctic Technology Commission. But the change of job does not affect his chairmanship of the inter-national Polartech Conference to be held in Finland next year.

First Japanese adviser for Merrill Lynch

ions representative, has become member of MERRILL LYNCH a member of merkellit in the character of merkellit in the first Japanese to join the Council. The Advisory Council of the world's largest securities firm now includes leading British, French and Canadian economic experts who give their

Mr Saburo Okita, former views and advice on global macro Japanese external economic relathe Council, set up last year, has met in New York and London. A third meeting will be held in Tokyo on December 16-17 to discuss trade friction between the U.S. and Japan se market opening measures in the financial and securi

MOVES IN BRIEF

AMERICAN EXPRESS BANK (AEB), the wholly-owned international banking arm of American Express Co, has made Mr Adrian C. R. Verwey, executive vice-president, its area head for Latin America. Mr Verwey previously headed AEB's worldwide global credit operations. He succeeds Mr Alberto Luzarraga and will continue to be based in New York. Mr L. Alan Bawden, senior vice-president, has assumed responsibility for AEB's global credit department.

global credit department. Ms Joanne Black has joined MASTER CARD INTER-NATIONAL ING. New York, as senior vice-president—marketing services. This will include responsibility for advertising, promotion, marketing-related public relations and special communications such as direct response, trade and consumer collateral materials.

MASSTOR SYSTEMS CORPORATION has named Mr David
Addison as its chairman. This follows the resignation of Mr Erik O. J. Salbu, a founder and chairman of the company since its inception. Mr Addison has been president and a director of the company since June, 1984.

Mr Arthur R Marcus has divided the particular of the company since June, 1984.

Mr Arthur R Marcus has divided PAINEWERRER INC as

PORATION and its subsidiary tinne to serve as president of Aristar, Inc. the company's consumer finance and life insurance subsidiary, and as chairman of Great Western Leasing.

Mr Onno Van Den Broek has heen appointed general manager of NMB BANK DEUTSCH-LAND) AG in Hamburg Mr Van Den Broek was deputy general manager of NMB Bank's operation in Geneva.

appointed executive vice-president of the NIKKO SECURI-TIES CO. INTERNATIONAL INC. New York. He will head the newly-created fixed income division which is chiefly engaged in the sale of U.S. government securities to American—and Japanese investors.

Mr Arthur R. Marcus has joined PAINEWEBBER INC as Mr Robert B. Holmes has been director of the commodities divi-elected president and chief slon in the consumer markets operating officer of GREAT group. He was president of WESTERN FINANCIAL COR- Gerald Commodities, Inc. —

UK APPOINTMENTS

Chairman change at **Anglo Leasing**

ANGLO LEASING. He succeeds
Mr Michael Broke, who is relinquishing the chairmanship
due to commitments at Stockley,
where he is chief executive. Mr
Broke remains on the Anglo
Leasing board. Mr Jurek
Szczuka, sales director, succeeds
Mr Silman as managing director
of Anglo Leasing and Mr Howard
Stanton, a director, becomes
non-executive deputy chairman.
Mr Stanton is finance director
of J. Rothschild Holding, of
which Anglo Leasing is a
wholly-owned subsidiary.

GEORGE JOHNSON & CO. (BIRMINGHAM), a Cookson Group company, has appointed Mr M. J. R. Padmore as managing diseases.

JOHN MOWLEM & CO. has appointed Mr David Glyn-Weeds to the board of Mowlem (Givil Engineering), and Mr Robin Dodwell to the board of Mowlem Northern.

GROSVENOR DEVELOP-MENTS, e Grosvenor Estate company, has appointed Mr D. R. J. De Broekert, and Mr P. G. rtin, as joint deputy managing rectors. Mr M. Aldred becomes executive director.

Mr Derek Hornby, chairman of Rank Kerox UK, has been appointed a non-executive direc-tor of CAMPBELL'S UK.

Mr Keith Hall has been eppointed sales director of WR ELEC-TRODES, a subsidiary of Weld-ing Rods. He was sales manager. He succeeds Mr Ken Mortimer who is retiring. Two other board appointments are Mr Alec Hors-field as technical director, and Mr Kenneth Capon as production director. Both have been with the "WR" parent company for a number of years.

Following the acquisition of ROWBOTHAM TANKSHIPS by Marine Transport Lines Inc. Mr Jim Rand has been appointed chairman and Mr Gerald Leaver, managing director. Mr Thomas Brogan and Mr Ira Bird of Marine Transport Lines also join the board.

Mr Robert James Davidson Mr Robert James Davidson has been appointed to the hoard of tha NATIONAL NUCLEAR CORPORATION. His appointment follows the retirement of Sir Alan Veale. Mr Davidson has been managing director of GEC Turbine Generators since 1974. Mr David Brown has been

appointed a director of TRAFAL-GAR HOUSE GROUP PREMISES. (5)
The solution to last Saturday's prize puzzie will be published with names of winners next Saturday.

* Miss Audrey Head, managing director of HILL SAMUEL UNIT TRUST MANAGERS, will retire on December 31. She will be

Mr Daniel Gruneberg,—until recently managing director of United Satellites, has joined MARCONI SECURE RADIO SYSTEMS as managing director. Before joining United Satellites in early 1983, he worked at the Marconi facility at Hillend, Fife, initially as divisional manager of the development operation and subsequently as general manager. subsequently as general manager. Mr John Sturge has moved from managing director to chairman. Among his responsibilities will be those of product market

As part of its programme of expansion into selected financial markets. KANSALLIS-OSAKE-PANKKI has set up a London-based international trade finance department to concentrate on all types of export finance transactions, forfaiting, leasing and letters of credit. The team is to be headed by Mr Hugh Vinter, previously vice-president, major assets group, with Security Pacific International Leasing (Europel Inc. He joins Kansallis (Europe) Inc. He joins Kansallis on November 4

BRENT WALKER HOLDINGS has appointed Mr Alan Bobroff as a director, He will be responsible for new business development and acquisitions.

Sir Paul Bryan has become chairman of CROYDON CABLE TELEVISION. Sir Paul is at present deputy chairman of Furness Withy.

bas appointed Mr John Herbert its managing director. Vistec Business Systems is a member of the Electronic Rentals Group which John Herbert joined in

FT UNIT TRUST INFORMATION SERVICE **AUTHORISED** -27 UNIT TRUSTS **13/6717373** 33 -13 13 32 134 135 Granville Unit Tst Maynet Ltd & Love, Lane, 503 807. 二 概要 104.4 104 280 M & & Group (y)(c)(z) ration Funds Mgt. Ltd. (2) cry Land, WC2A 1HE 41-242 0282 133 - 133 Dartington Galt Trust Magt. Ltd. Mencap Unit Trust Magrs Ltd (a)(c)(g) Unicara the 252 Randord Rd, E7. 03-584 5544 1013 1003 1013 1013 1013 1013 1013 115.10 Heritable Ouit Trust Ma 52 Beriefey Squire, London W. WIX GEH 01-4936621 Henness Duit Trest Man 30 From St. Reading, Bests. 13.5 Hexagon Services Ltd. 26 Western Rd. Kleiswart Senson 20, Fendurch St, EC3. pes Fining Unit Trest Most. Ltd. A, West Mile Street, Giangue. 041-204 2522. Winter Conter 2 204.1 217.1 -0.9 4.20 4.00 Robert Fleming & Co Ltd C. Cross Source, ECSA SAM. **福本 13月 6**克

74.76 CO+ 10

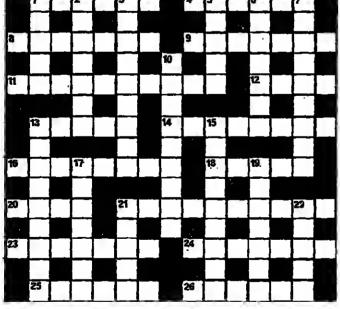
is proposing to publish a Survey on

FINANCIAL TIMES

DEFENCE INDUSTRIES

Publication date 2nd December 1985 Advertising copy date: 18th November 1985 For further details contact: Tim Kingham 01-248 8000 ext 3606

F.T. CROSSWORD PUZZLE No. 5.858



ACROSS

1 Has an inherent desire for animals (6) 4 Stop these jokes (6) 8 General disorder, one gathers (7) 9 It's used for making chips

11 Disorders with which the police may have to deal? (10)

12 New line that starts from Victoria (4) 13 Head stableboy drove off with a lively horse (5)

hide (5) 20 A sound piece of work (4)

21 When it leaks it's hard to 19 Its meals are usually late husiness with new 21 Strong meat? (5)
(7)
22 Thought Lancashire opener

claim (7) 24 Find use in a way that's inspired (7)
25 Chaperon is expected to bring the girl back (6) 26 It follows a gale at sea, too large enough (7)

5 Loveless sailor staggers round bars (5)

6 Put a colt in for wine (7)

with a livery noise (5)

14 Not a good place for Harold, as things turned out (S)

16 One lying in a case? (8)

18 Bolt Inside and strive to

or tug-of-war (6, 3)

13 Hope's fied for the pound (9)

15 Form of greatness for soldiers (9)

17 In feirness, it's simply very cold water (7)

DOWN

1 He will shortly ring—to say this? (5) 2 An illustration no longer

would be the best possible

3 Greek leader relaxed an

7 It reveals the stars in all their splendour (9)
10 He ends up in the relay-race or tug-of-war (6, 3)

Mr Laurence Silman has been succeeded by Mr Richard Weles appointed executive chairman of who will remain chairman of Hill ANGLO LEASING. He succeeds Samuel Life Assurance.

Mr Geoffrey Morgan has been appointed a director of PAUL WINNER MARKETING COMMUNICATIONS, a Good Relations Group subsidiary. He joins from AGB Research, where he was managing director of its public relations subsidiary.

The SCOTTISH TOURIST BOARD has appointed Mr Geoffrey Hare as chief executive from the end of January. He succeeds Dr David Patitison, now with a management consultancy. Mr Hare is currently director of the North West Tourist Board, based in Bolton, and was previ-ously promotions manager for y promotions manager for Trust House Forte hotel

ing and selling at home and abroad.

UMBRO INTERNATIONAL has appointed Mr J. V. Bisset as its managing director, succeeding the retiring Mr Arneld Copley. He was chief executive of Celestion Industries.

VISTEC BUSINESS SYSTEMS

Robert France Trest Mgt. Ltd. 29 Albertarie St. W1.

29 Albemarie St, W1. Roll: France VI. Tal. ____175.2

33.8 -0.3 2.93-

+04 15 414 47 414 47 414 48 416 48 41

12

(E

71.31156

griphi.

*****J-1

STAN!

Cumpan

×

MCN THE

Report

But profits

Put par scher

Then mont

Response

ful par scher

Rel par scher

Specifical State profits and per State Sta

CHATH, Teleculeum

OVE

WORLD STOCK MARKETS

4	NEW YORK DOW JONES	s	CANADA
Pri de la companya de	Oct. Oct. Oct. Oct. Oct. Oct. Oct. Oct.	nca Comm libal, 1972; 388, 14 884,25 - 885,89 897,75, 418,25 (5/16) 228,56 (2/1) PAN** PAN** (Kell-Down 18:5:48) 1985,499 12969,1 12945,5 15091,7 -15055,5 (5/16) 11569,2 (5/16) 1018,54 1628,52 1026,75 1050,96 1057,54 110.77 ; 818,95 14.11 THERLANOB P.CBS General 1576) 224,5 225,2 218,9 215,5 224,8 (25/16) 185,5 18/11 P.CBS inclust 11576) 208,2 202,4 197,5 194,2 208,2 (25/16) 185,5 18/11 P.CBS inclust 11576) 208,2 202,4 197,5 194,2 208,2 (25/16) 185,5 18/11 P.CBS inclust 11576) 208,2 202,4 197,5 194,2 208,2 (25/16) 185,5 18/11 P.CBS inclust 11576) 208,2 202,4 197,5 194,2 208,2 (25/16) 185,5 18/11 P.CBS inclust 11576) 208,2 202,4 197,5 194,2 208,2 (25/16) 185,5 18/11 P.CBS inclust 11568 785,02 751,15 774,15 779,88 521,59,25/16) 228,18 (21) P.CBS inclust 126,5 76	Sale Negle Lew Charge Care
	P, Svc, Nm 2,865,700 28½ + ½ Westghse. Elec 1,415,100 42 +1 Lection 2,689,000 28 -1 Beetrica Co 1,342,100 43½ -1 Indus Co 2,589,700 7½ -½ Genaral Motore 1,197,900 64½ -1 Indus Phillipe Pet 1,881,500 13 ½ Southem 1,037,300 20½ Unit Unit	nderd and Prove—10; and Toronto Composite and Matals—1,000. Toronto one hased 1975 and Montreal Portfolio 4/1/83 2 Excluding bonds. \$400 settles plus 40 Utilities. 40 Financials and 20 7 ransports. c Closed. navallable.	1300 Celamene 58° 8° 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5
	Districtions, food precessing	Section 1985 1984 1985 1985 1984 1985	AUSTRALIA 1905
	Oahims 20 28 13 12½ 19 + ½ Cut TP 2.78 12 3336 511 311 311	186 55 108 4 4 4 4 4 4 4 4 4	1.656 26.07 1.650 1.65

Closing prices, October 25

FOREC 2.20
FOREM 2.20
FOREM 2.30
FINAL 1.30
FINAL 1.30
FINAL 1.30
FINAL 1.30
FINAL 1.30
FOREM 1.41
FOREM 1.40

| The content of the

\$6666K. 计以外线 计计算符号 计记忆设置 法全国经济 医抗性坏死 法国际政府 化医疗物

产业的基础的工作中的特别的对于通过的一种,这种是一种,我们的一种,我们可以一个一

2522 24 A P T STANTON TO BE A TO STONE A STAN SOUTH STANTON OF THE STANTON SOUTH STANTON OF THE 215 果然后的外面下了好的情况对什么是有这个时间的不过,他们的果然的爱眼也是因此是什么,我们的

Design of the Control
Continued on Page 33

COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES Closing prices, October 25

Stack Div

CwCPpi1 92
CruiteR
Crysti0
Cuthc 33
Currice 92
DWG .08
Dumon Desend 18
Desmed DevrCp
Digicon
Delirid 20
Diodes
DomeP
Ducom .60
Dunlap
Dynici .27e

EAC 40
ERC EapiCi
Extrico 1
Estipp 8 96e
Echobg .12
Estipp 8 96e · 如此代表的教育代表的事故,如此,他们也是一种的人们也是一种的人们也是一种,他们也是一种人们也是一种,他们也是一种人们也是一种人们也是一种人们也是一种人们也是一种,他们也是一种人们也是一种,他们也是一种,他们也是一种,他们也是一种,他们也是一种一种,他们也是一种,他们也是一种,他们也是一种,他们也是一种,他们也是一种,他们也是一种,他们也是一种,他们也是一种,他们也是一种,他们也是这一种,他们也是一种, 18 212 286 28 18 55 Astronia Additional Ad Towns pf 44 11.
ToyRUs 2.25 15.
Try 2.25 15.
Try 2.25 15.
Try 3.25 15.
Try 4.25 15.
Try 4.25 15.
Try 4.25 15.
Try 5.25 15.
Try 6.25 15. 11 17 282
11 17 282
11 20 315
12 15 355
13 250 754
14 45 45 20 287
17 8 20 555
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 827
18 223 823
18 223 827
18 223 823
18 223 827
18 223 823
18 223 827
18 223 823
18 223 823
18 223 823
18 223 823
18 223 823
18 223 823
18 223 823
18 223 823
18 223 823
18 223 823
18 223 823
18 223 823
18 223 823
18 223 823
18 223 823
18 223 823
18 223 823
18 223 823
18 223 823
18 223 823
18 223 823
18 223 823
18 223 823
18 223 82 17₄ 37₇ 127₇ 13₄ + 13 13₆ 66 -37₆ + 17 8 15 16 137₂ SCAM 50: 0.04
SILTER: 0.04
SILT 7 NOWELLE WAS SELECTED AND SELE SJWs 1.45
Sage
Salem
Scheb 55
SecCap .16
Sharon
Solliron
SpecCap .84
Sharon
Solliron
SpecCap .84
SieriEi
StrutW
TIE
Til
1 abPrd .20
TendBr
TchAm
TchAm
TchAm
TchSym
Totard
614 + 615 + 616 + Jacobs Jeron 711
Johnpe Johnhol RayG8 80
KeyPh 80
KeyPh 80
KeyPh 80
Kerark Kerby RogerC 2 32
LaSer Laser Lessur Lorner 05
LynchC 20
MCO Rs MS1 Dt MSR Dt MSR Dt MS1 81: 62: 21:4 19:6 32:8 131: 21:8 16 + 2₅ 35 22 18 .12 9 20 1.16 18 7 .24 28 16-3 181 22 433 101 5 50 w .20 13 20 18 135₈ - 377₄ + 9.16 263₈ - 218 318 - 16 35₈ - 318 Hanfrda Hasbre Hinch Hernick Hersico HollyCp HimeGin Homeis Hrinkar HouOT Huskyg 06 .20 .48 .25 60 OVER-THE-COUNTER Nasdaq national market, closing prices, October 25 969 17 56 4 56 8 50 7 6 7 7 7 7 8 8 8 7 7 7 8 8 7 7 7 8 8 7 7 7 8 8 7 7 7 8 8 7 7 7 8 8 7 7 7 8 8 7 7 7 8 8 7 7 7 8 8 7 7 7 8 8 7 7 7 8 8 7 7 7 8 8 7 8 8 7 Chere Children Childr ADC TI AFI. AFR AFR AFR AFR ACRES AC 80, 17-18 11 KV PARKY PAR 2 4 6 11 25 9 24 14 3 18 04 11. 8 12 5 7 2 11 15 5 7 2 16 16 11 11. 6 11. 6 11. 7 122 8 17 135 1.32 1.80 .68 .80 .20 1.12 .80 .94 202 526 267 17 159 575 7 137 417 493 1662 5473 1713 480 .40b .44 1 60 1 80 1 .40 1 .06 .60 7 .10 1 .24 .48 .20 .80 .80 .80 .80 .80 .80 VF Corp L.
Valer pt3.44
Valer pt3.44
Valer pt3.44
Valer pt3.44
Valer pt3.44
Varian 25
Varian 25
Varian 25
Varian 26
Varian 27
.80 ,60 ,58 ,40 i.06 209 47 1295 1274 19 244 80 25 25 25 26 25 26 25 26 125 161 155 28 165 12 11 286 125 10 92 200 70 210 87 220 70 220 254 220 255 220 255 をできる。 はいいかい はらでをあるる 12 18 2 10 1 04 50a 1 50 R 11 279 12 38 74 92 364 654 446 385 554 378 187 187 554 447 387 55 187 187 | Stanes | S 77.774 6718 486 6 14.77 14 97.8 14 17.77 17.51 19.11 17.77 17.51 19.51 1 Forting Fortin 7597 797 797 798 7597 7598 7597 798 7597 798 7597 798 7597 7598 7 \$25.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | Ramad Ramco .84
Rampro .44
Rampro .42
Rampro .43
Rampro .43
Rampro .43
Rampro .43
Rampro .43
Rampro .44
Rampro .45
Rampro 34578256456291745629174562957 0565857 Andrew
Andrew
Andrew
Andrew
Apolec
Appliec
App 24 44 17 44 VYCOR242

VACTOR 1 3.1 9

Wachtor 1 3.1 9

Wacht 1 60 2.4

Wacht 1 60 2.4

Wacht 1 60 2.4

Walchor 1 3.1 9

Walchor 2 1.3 11

Walchor 4 1 3.1 9

Walchor 4 1 3.1 9

Walchor 4 5 1.3 11

Walchor 6 8 3.5 1

Warnen 9 2 3.1 5 1

Walchor 4 1 1 1

Walchor 9 2 8.1

Walchor 9 3 8.1

Walc .18 2.40 1.68a 2.18 1.48 .05 2.045 .12 .44 .40 .90 2.6 14 5 3 9 70 3.4 6 11. 6 11 .t 30 kg - 12 kg 12 k .20 6748 ,06 69 435 242 31 .16 225 .27 277 .27 277 .14 459 .16 102 .05 23 .23 .23 .16 102 .05 25 .17 102 .05 25 .17 102 .05 25 .17 102 .05 25 .17 102 .05 25 .17 102 .05 25 .05 103 .05 104 .05 107 .0 -14 -60 -94 -60 20 220 .90 135 .60 2 2 .18 .24 1.72 .20 .14 .16 .06 1.04t .80a 140a .12 .20 .72 .20e .84 1 50 306 .78 .72 .40e .12 .16 .20 1.04 Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weaks plus the current week, but not the latest trading day. Where a apit or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual distursements based on the latest declaration. 20 1.32 20 20 20 20 .55 .16 + 1⁸ -1⁴ .12 1.04 1.52 Xerox 3
Xerox pf5.45
ZaieCp 1.32
Zapeta .12
Zayra s .48
ZentibE
Zero s .36
Zumin 1.32 485 27 75 184 197 34 3514 481a 2418 774 8278 1614 1514 2318 455 77 75 16 19 34 .16 .06i L ANTWERP/BRUSSELS/GENT/KORTRUK LEUVEN/LUXEMBOURG BELGIUM HAND DELIVERY Your subscription copy of the FINANCIAL TIMES can be hand-delivered to your office in any of the above locations. For details contact: Philippe de Norman, Tel: 02 513 2816. Telex: 64219. & LUXEMBOURG

1.75

FT-SE 100 INDEX 625 per full index

U.S. TREASURY BONDS 8% \$100,000 32nds of 100%

Est volume 4,752 (2,603) Previous day's open int 2,955 (3,011)

Close

POUND SPOT-FORWARD AGAINST POUND

ne 202 (370)

Close High Low Prev 135,30 136.20 135,70 136.45 136.80 — 137.46

THE MITSUBISHI BANK

LIMITED (Incorporated in Japan

US\$20,000,000 Callable Negotiable Floating Rate Dollar Certificates of Deposit No. FRMH4 00001 to FRMH4 00040

Issued on 23rd November, 1981 Maturity Date 28th November, 1986 Optionally Callable in November, 1985

Notice is hereby given that in accordance with the Chause of the Certificates of Deposit (the "Certificates") The Mitsubishi Bank. Limited (the "Bank") will repay in outstanding Certificates oo 29th November, 1985 (the "Propayment Date"), at their principal amount. Payment of the principal amount, (ogether with accrued interest to the Prepayment Date will be made on the Prepayment Date against presentation and surrender of the Certificates at the London Branch of the Bank. Interest will cease to accrus on the Certificates on the Prepayment Date.

The Mitsubishi Bank, Limited London Branch

1 King Street, London EC2V 8LQ 25th October, 1985

U.S. \$300,000,000



The Kingdom of Belgium Floating Rate Notes Due May 2005

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest has been fixed at 84s% for the Interest Determination Period 28th October, 1985 to 29th November, 1985. Interest. accrued for this Determination Period will amount to U.S.\$1,847-22 per U.S.\$250,000 Note. Total interest payable on 29th November, 1985 will amount to U.S.\$5,332-03 per U.S.\$250,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York

CITICORP®
U.S. \$500,000,000
Subordinated Floating Rate Notes
Due October 25, 2005

Notice is hereby given that the rate of Interest has been fixed at 8.225% and that the interest payable on the relevant Interest Payment Date November 25, 1985 against Coupon No. 1 in respect of US\$10,000 nominal of the Notes will be US\$70.83. October 28, 1985, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANCO

FOREIGN EXCHANGES

A game of cat and mouse

A game of cat and mouse deve-loped between the central banks and foreign exchange market last week, keeping the dollar within a range of about DM 2.62 to DM 2.65. On Monday the dollar opened weak and fell to a low of DM 2.6140, but the cen-tral banks made no move to tral banks made no move to push the currency through DM 2.60, perhaps because there was no desire to provide easy profits for speculators running short positions.

Covering of positions led 10 a dollar recovery to the DM 2.63 to DM 2.64 level, and with the central banks only showing an occasional presence, the market became a little more adventurous taking the currency beyond became a little more adventurous taking the currency beyond DM 2.65. This was not to the liking of the central banks and imediately the German Bundesbonk, followed by the U.S. Federal Reserve sold dollars.

This was on Thursday, but when Europe was closed New York dealers took the dollar back up to DM 2.6550, apparently without any resistance from the Fed.

1980-1982-100. Sank of England Index

Franc

EXCHANGE CROSS RATES

CURRENCY MOVEMENTS OTHER CURRENCIES

Oct. 85 | £ , \$ | OM | YEN | F Fr. | 8 Fr. | H.Fl. | Lira | C\$ | 8 Fr.

F Fr. 0.870 1.337 5.283 866.7 10, 2.687 5.702 2811 1.661 66.35 5 Fr. 0.324 0.460 1.222 98.87 5.722 1, 1.376 828.9 0.029 24.80

H Fi. 0.353 0.554 0.887 71.76 8.701 0.785 1 87.8 0.487 17.02 Ura 0.383 0.559 1.485 120.1 4.523 1.310 1.074 1000 0.765 36.01 C 5 0.514 0.732 1.941 107.1 5.814 1.588 2.189 1308 1 38.84 8 Fr. 1.311 1.864 4.948 400.4 15.07 4.050 0.580 3533, 2.640 100.

FORWARD RATES AGAINST STERLING

Yau per 1,000: Freuch Fr per 10: Lice per 1,000: Belg Fr per 100,

EMS EUROPEAN CURRENCY UNIT RATES

£ IN NEW YORK Out. 95 | Prev. close

£ 3pot | \$ 1,4215 4225.51 4215 4225 1 month | 0.45-0.42 pm 0.45-0.42 pm 5 months | 1.18-1.10 pm 1,17-1,10 pm 12months | 3,40-3,53 pm 3,58-5,27 pm Forward premiums and discounts apply to the U.S. dollar

lar up to nearly DM 2.66, before lar up to nearly DM 2.66, before there was a nervous correction back to DM 2.65. This is obviously the critical level and at the moment the mouse does not have enough confidence to challenge the cat, and choses to play when it thinks the cat will cot pounce.

It is all 8 matter of timing. The market assumes the central banks wish to see a level of less than DM 2.60 and under Y210 for the dollar, but cannot tell when this is likely to happen.

With the dollar locked in this

when Europe was closed New York dealers took the dollar back up to DM 2.6550, apparently without any resistance from the Fed.

On Friday morning the rate was back down to around DM 2.6450 sud in very quiet trading the Bundesbank did not intervene at the Frankfurt fixing and was not see in the open merket. But after Frankfurt closed New York pushed the dol-

target has been regarded as a major factor preventing any further fall in U.S. interest rates, Another factor is the very heavy U.S. Treasury funding programe expected when Congress raises the Federal debt ceiling. The debate about the debt ceiling could go on until mid-November, which is when the Government will finally run the Government will finally run out of money, but the need to fund will then be extremely urgent. The question is whether the dollar can be encouraged to fall at a time when the U.S. Treasury is offering attractive yields to sell as much paper as possible?

possible?
The visit of Mr Yasuhiro Nakasone, the Japanese Prime Minister, to the U.S. led the Bank of Japan to do all it could to encourage the dollar to fall against the yen. Apart from foreign exchage intervention the central bank also drove np interest rates in Tokyo, causing more than a little confusion and some alarm in financial markets. Interest rates are likely to hold the key to long term future developments on the exchanges, and other factors are largely ignred, including very good West German trade figures last week. U.S. trade figures are due this Thursday, but in the present climale even a record deficit will probably have little impact.

U.S. TREASURY BILLS (IMM) SIM points of 190% CURRENCY RATES

CURRENCIES, MONEY and CAPITAL MARKETS

FINANCIAL -

POUND-\$ (Foreign Exchange)

INM -STERLING Se per E

UFFS-STERUNG E25,000 \$ per £

LIFFE DEUTSCHE MARKS DM 125,000 \$5 per DM

CHICAGO

Closs High Low Pre 1,4180 1,4180 1,4180 1,4180 1,4180 1,4180 1,4075 — 1,407 1,3995 — 1,400 Estimated volume 7 (143) 836 (3,732) Previous day's open int 3,836 (3,732)

Spot 1-mth. 3-mth. 6-mth. 12-mth. 12-mth. 12-mth. 1.4225 1.4183 1.4109 1.4013 7.26

Dec 1.4145 1.4195 1.4130 1.4140 Merch 1.4045 1.4090 1.4020 1.4040 June 1.3965 1.4020 1.3950 1.3950

FUTURES

LIFFE EURODOLLAR OFTIONS

Provious day's open int. Calls 2,611 Pins 2,845 LIFFE L'S OFTIONS

Dec March June Vol 1.20 22.47 22.47 22.47 — 1.75 1.25 17.47 17.47 17.47 — 1.35 1.24 12.47 12.47 — 1.35 1.24 12.47 12.47 — 1.45 1.40 3.56 5.57 0.47 110 1.45 1.31 3.52 4.78 115 1.50 0.35 2.05 3.21 90 Previous day's open into Cells 9,806 Puts 15,533 LONDON SE L/S OPTIONS

F12.500 (cents per E1) Striks

PHILADELPHIA SE E/S OPTIONS

20-YEAR 12% NOTIONAL CILT ESC.000 32nds of 100%

Dec 112-24 113-20 112-24 113-12 March 122-25 — 113-21 113-21 113-22 113-21

LONDON

* CS/SOR rate for Oct 24: 1,45321

DOLLAR SPOT-FORWARD AGAINST DOLLAR

tober 25 spread Close One month Q.s. Investe p.s. Investe

MONEY RATES

Treasury Bills & Bonds

Amount on offer £100m · £100m

offer 8 WYS

PRO-CURRENCY INTEREST RATES						
Oct. 25	Short term	? Days notice	Month	Three Months	Str Months	One
ring Dollar Oollar Ulder Franc tachmrk Franc ian Lire	534.0 39.78 474.43 216.814	115g t 13g 8-81g 85g 87g 55g 8 61g 23g 41g 45g 01g 81g 12-131g	1154-tt34 84-84 814-84 814-84 813-04 4-418 414-458 014-914 t814-134	11%-11# 8%-8% 8%-8% 0#-8% 4%-4% 4%-4% 0%-9% 13-13%	11 16-11 16 814-834 854-878 6-614 474-47 478-5 1014-1054 1368-1314	11%-11% 819-846 9-914 614-614 414-448 0-516 10%-10% 1318-14
Fr.(Fin)	85g-87g 854-8	85+87s 83-9	869-876 864-87s	854-878	834.9 734.754	87s.81s 87s.01s

Bits on offer £100m £100m Toos Accepted rate of discount_11.1506g 11.1104

1. 4205-1. 4305
1. 4228-1. 4260
1. 4228-1. 4260
1. 424-4.264
1. 424-4.264
1. 424-4.264
1. 424-4.264
1. 424-4.264
1. 424-4.264
1. 424-4.264
1. 424-4.264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 426-1. 4264
1. 4

> All these Bonds haring been sold, this unnouncement appears as a matter of record only. October 10, 1985

BANQUE FRANÇAISE DU COMMERCE EXTÉRIEUR

ECU 150,000,000

8 5/8 per cent Guaranteed Bonds due 1993 unconditionally Guaranteed by

The Republic of France

Issue Price: 100 per cent

Banque Nationale de Paris

Algemene Bank Nederland N.V. Crédit Lyonnais

Deutsche Bank Capital Markets Generale Bank

Kleinwort, Benson Limited Lloyds Merchant Bank Limited Mitsabishi Finance International Limited Banque Bruxelles Lambert S.A.

Amro International Limited Caisse des Dépôts et Consignations Credit Suisse First Boston Limited Dresdner Bank AG

Istituto Bancario San Paolo di Torino Kredietbank International Group Merrill Lynch Capital Markets Société Générale

Bayerische Hypothek Commerzhank Aktieneesellschaft Crédit Commercial de France

Dai-Ichi Kangyo International Limited dinaviska Enskilda Limited

Morgan Guaranty Ltd Nippon European Bank S.A./LTCB Group Pierson Heldring & Pierson N.V. Rabobank Nederl Société Générale Alsacienne de Banque

a Sacks International Corp. Morgan Stanley International Sanwa International Fad

Banque Internationale à Luxembourg S.A.

Swiss Rank Corporation International Limited aque de Luxembourg SA

Bank Mees & Hope N.V. Banque Générale du Luxues

Baring Brothers & Co., Limite Bayerische Landesbank Geogentrale Catsse Centrale des Banques Populais County Rank Limited Crédit Agricole Crédit da Nord Credito Italiano Den Danske Bank International S.A. Geffus S.B.A. (Generali Group) Girozentral und Bank der Osterrei

Hambros Bank Limited Lazard Frères et Cle. Orion Royal Bank Limited Svenska Handelsbanken Group

Conditions tighten in Tokyo

London interest rates have be-come virtually becalined since the Chancellor of the Ex-chequer's Mansion House speech. and last week it was necessary to look elsewhere for any signi-ficant movement. The Bank of Japan led the way

MONEY MARKETS

The Bank of Japan led the way in a move to boost the value of the yen against the dollar. On Thursday the Japanese central bank declined to supply funds to offset money market shortnge of Y700bn. Conditions tightened further on Friday as corporate demand for funds increased, to make monthly wage payments, and with the suthorilies afready signalling a wish for higher rates the market become very nervous. Prices of Government bonds fell very sharply, giving a severe knock to the fledgling Tokyo futures market in bonds, and share values on thhe stock market also weakened.

UK clearing banks base lending rate 11‡ per cent since July 30.

the end of the year. Banks are building up funds in anticipation of tighter monetary policy to support the yen, and the de-mand for money has also resulted from fears of an acute shortage at the end of the year, when conditions are seasonally tight because of bonus payments

tight because of bonus payments to workers.

The German Bundesbank is also in the forefront of moves to push up the value of major European currencies and the yen against the dollar. Credit policies were left unchanged st Thursday's Bundesbank council meeting, but by draining liquidity from the Frankfurt market on Wednesday the enthorities indicated that rates would not be allowed to fall at

FRANKFURT BRUSSELS One month Three month

MONEY RATES

4,65 4,80 4,85 4,80 4,75 4.80 4,80 4,95 Frankfurt.....

Oct. 25 | Oct 18

would not be allowed to fall at present.

The impact was not dramatic.

BANK OF ENGLAND TREASURY BILL TENDER

Oct. 18 change 1.1334

money eased back and finished unchanged on the week at 4.45 per cent, but dealers were somewhat surprised when the cectral bank accepted hids of only DM 9.3bn for a 28-day securities repurchase agreement, against an entiring agreement.

expiring agreement BANK OF ENGLAND TREASURY BILL TENDER

Credit conditions are not ex The impact was not dramatic, pected to improve st lesst until and after a temporary rise call

London—band 1 bills mature in up to 14 days, band 2 bills 10 to 33 days band 2 bills 34 to 63 days and band 4 bills 64 to 31 days. Rates quoted represent Bank of England buying or salling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week.

FT LONDON INTERBANK FIXING Three months U.S. dollar

Minimum accepted bid.... 207,22 £97,25 Allotrieriz at minimum level _ 16% 41%

offer 8 14

162 413

The fixing rates are the arithmetic

LONDON MONEY RATES

Over | 7 days | Three | Six | One | One | Months | Months | Year

Hill Served & Co. Limited

Wesiden tache Landesbank Girozentrale

Toksi International Limited

Union Bank of Switzerland (Securities) Limited

Bank America Capital Markets Group Binkers Trust International Limited Wechsel-Bank Aktiengesellschaft.

Berliner Handelt-und Frankfurter Bank Citicorp Investment Bank Limited Crédit Industriel et Commercial de Paris Daiwa Europe Limited Euromobilizire S.p.A. reschaftliche Zentralbank AG Vienna

> omo Finance International S.G. Warburg & Co. Ltd ichi International (Europe) Limited

and a fact the fight of the first place of the delication of the definition of the figure of the fig